

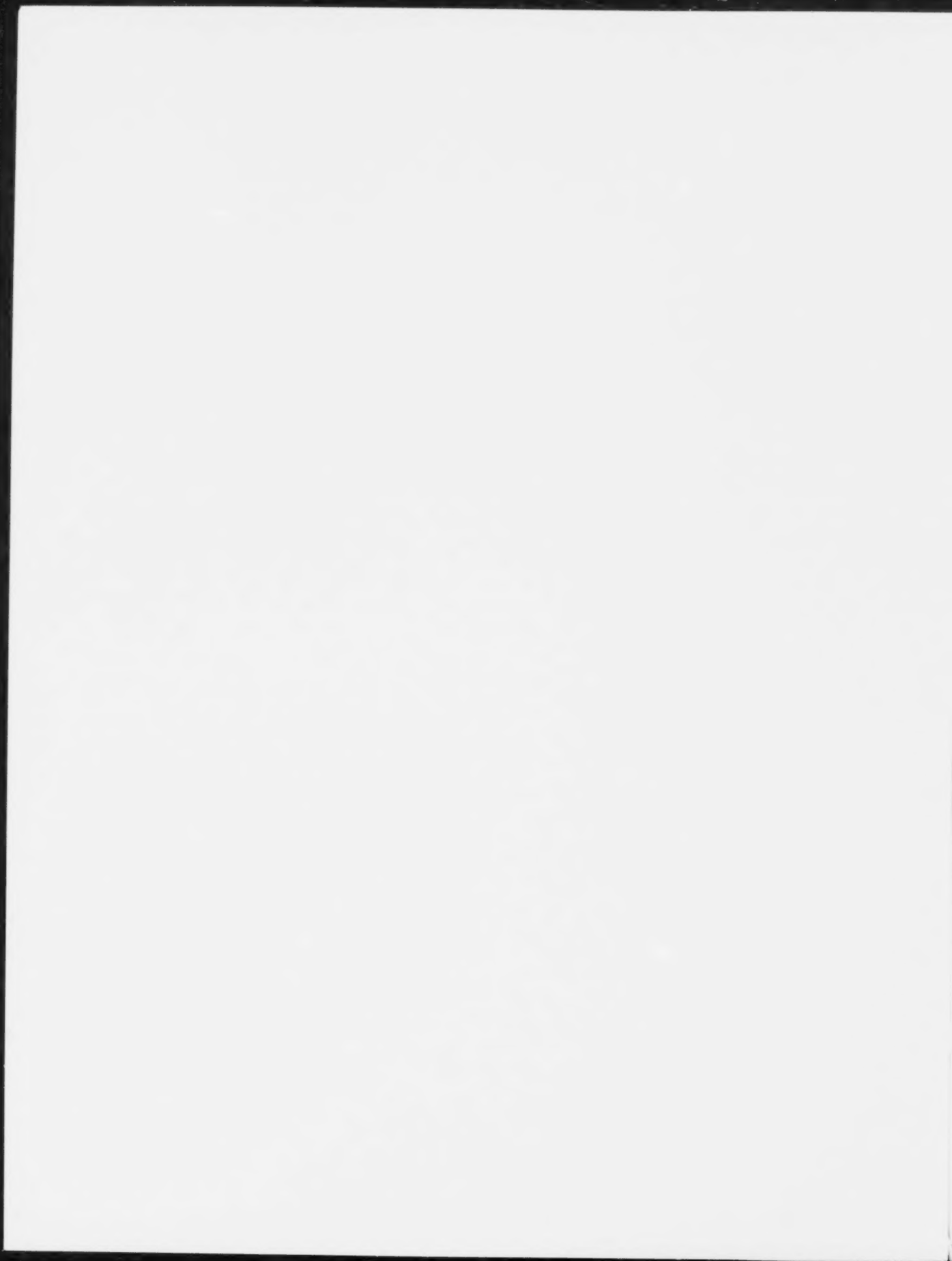


**Province of Newfoundland
and Labrador**

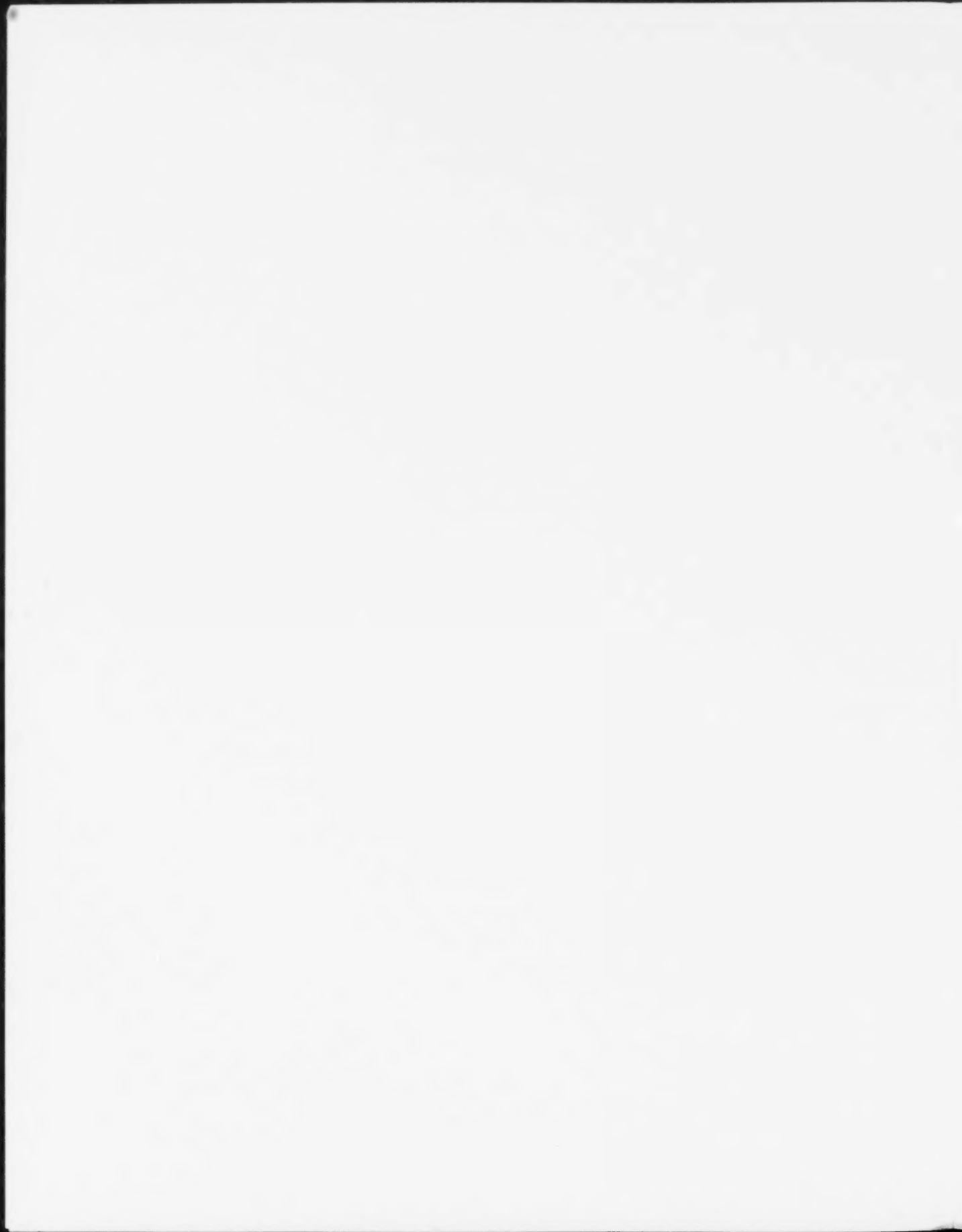
**Public Accounts
Volume IV (A-L)**

**Financial Statements of
Crown Corporations,
Boards and Authorities**

**For The Year Ended
31 March 2004**



105-05993/





Province of Newfoundland and Labrador

Public Accounts

Volume IV (A - L)

**Financial Statements of Crown Corporations,
Boards and Authorities**

**For The Year Ended
31 March 2004**



INTRODUCTION

The reproduction of the available financial statements of Crown Corporations, Boards and Authorities are presented through the publication of the Public Accounts, Volume IV. This Volume is produced alphabetically in two books, A to L and M to Z. The fiscal years noted in the table of contents are based on the fiscal year end of the organization.

The Public Accounts for the year ended 31 March 2004 consists of three other volumes:

Volume I – Consolidated Summary Financial Statements presents the summary financial statements which consolidate the financial statements of the Consolidated Revenue Fund with the financial statements of various Crown Corporations, Boards and Authorities, as approved by Treasury Board, which are controlled by the Government of Newfoundland and Labrador.

Volume II – Consolidated Revenue Fund Financial Statements presents the financial position of the Fund and the results of its activities.

Volume III – Consolidated Revenue Fund Supplementary Statements and Schedules presents the unaudited summary statements, detailed departmental statements, schedules and notes of the Fund and are prepared on a basis consistent with the Estimates of the Province.

The Public Accounts of the Province are tabled in the House of Assembly in accordance with Section 60 of the *Financial Administration Act*.

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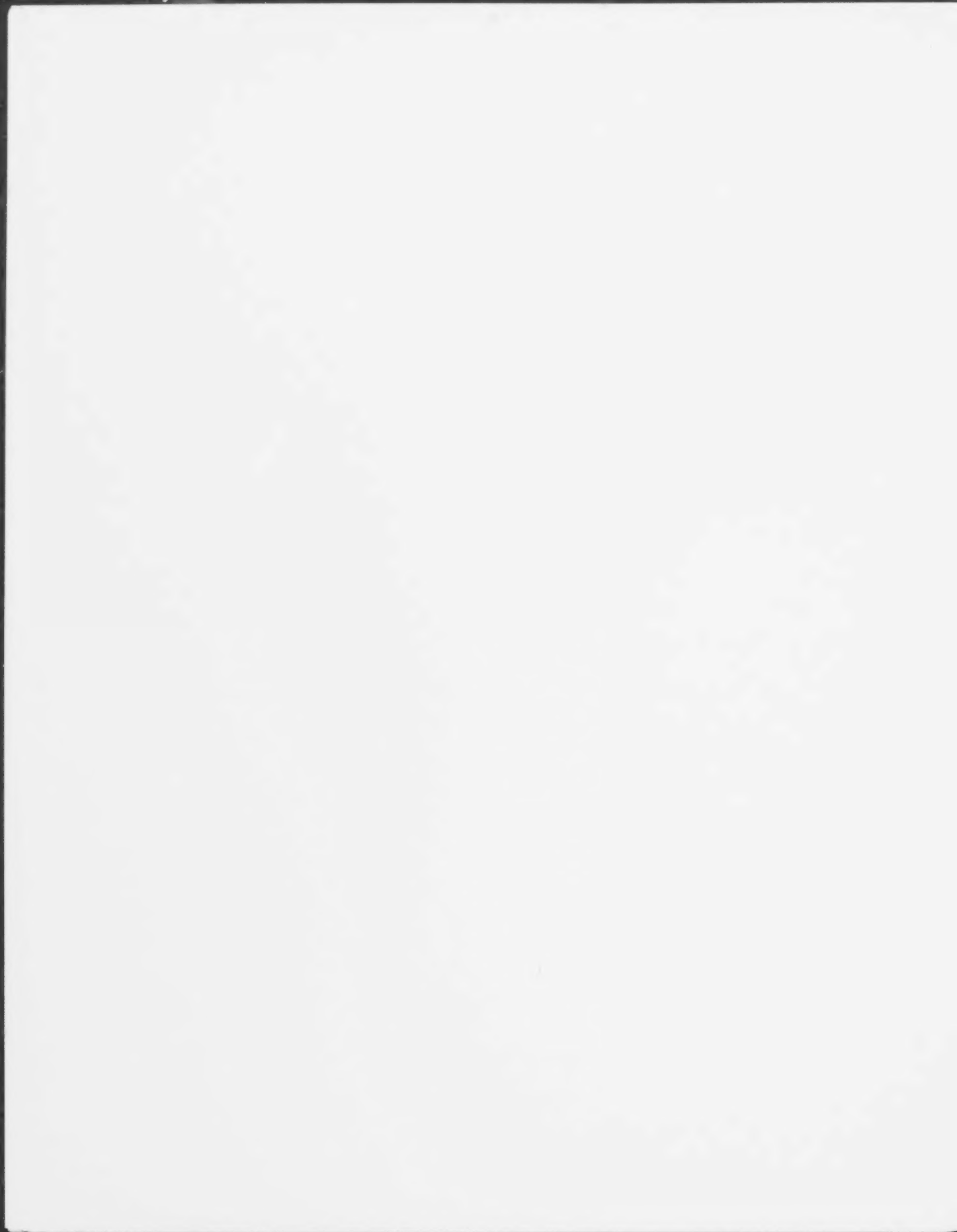
Name	YEAR	PAGE
Avalon East School District	2003	1
Avalon Health Care Institutions Board	2004	29
Avalon West School Board	2003	43
Baie Verte Central Connaigre School District #5	2003	69
Board of Commissioners of Public Utilities	2004	97
Bull Arm Site Corporation	2004	109
Burin Peninsula School Board	2003	117
Business Investment Corporation	2004	151
C.A. Pippy Park Commission	2004	163
Central East Health Care Institutions Board	2004	175
Central Regional Health and Community Services Board	2004	199
Central West Health Corporation	2003	211
College of the North Atlantic	2004	225
Conseil scolaire francophone provincial de Terre-Neuve et du Labrador	2003	251
Consumer Protection Fund for Prepaid Funeral Services	2004	279
Cormack Trail School Board	2003	287
Corner Brook-Deer Lake-St. Barbe-School District #3	2003	315
Credit Union Deposit Guarantee Corporation	2003	343
Eastern Health and Community Services Board	2004	351
Grenfell Regional Health Services Board	2004	361
Health Care Corporation of St. John's	2003	381
	2004	399
Health Labrador Corporation	2004	417
Heritage Foundation of Newfoundland and Labrador	2004	437
Hotel Buildings Limited	2004	447
Household Hazardous Waste Program	2004	453
Labrador School Board	2003	459
Labrador Transportation Initiative Fund	2004	481
Lewisporte/Gander School District	2003	489
Livestock Owners Compensation Board	2004	519

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Marble Mountain Development Corporation	2004	525
Marble Mountain Management Corporation	2004	545
Multi-Materials Stewardship Board	2004	553
Municipal Assessment Agency Inc.	2004	563
Newfoundland and Labrador Arts Council	2004	573
Newfoundland and Labrador Centre for Health Information	2004	581
Newfoundland and Labrador Crop Insurance Agency	2004	591
Newfoundland and Labrador Education Investment Corporation	2004	599
Newfoundland and Labrador Farm Products Corporation	2004	607
Newfoundland and Labrador Film Development Corporation	2004	615
Newfoundland and Labrador Government Sinking Fund	2004	627
Newfoundland and Labrador Heritage Corporation	2004	639
Newfoundland and Labrador Housing Corporation	2004	645
Newfoundland and Labrador Hydro	2003	663
Newfoundland and Labrador Industrial Development Corporation	2004	679
Newfoundland and Labrador Liquor Corporation	2004	689
Newfoundland and Labrador Municipal Financing Corporation	2004	701
Newfoundland and Labrador Petroleum Products Pricing Commission	2004	715
Newfoundland and Labrador Student Investment and Opportunity Corporation	2004	721
Newfoundland Cancer Treatment and Research Foundation	2004	727
Newfoundland Government Fund Limited	2003	739
Newfoundland Hardwoods Limited	2004	751
Newfoundland Ocean Enterprises Limited	2004	757
Northern Peninsula/Labrador South District #2	2003	765
Office of the High Sheriff of Newfoundland and Labrador	2004	793
Province of Newfoundland and Labrador Pooled Pension Fund	2003	799
Provincial Advisory Council on the Status of Women	2004	817
Provincial Information and Library Resources Board	2004	825
Provincial Perinatal Program	2003	839
	2004	845
Public Accountants Licensing Board	2003	851
Registrar of the Supreme Court	2004	857
Special Celebrations Corporation of Newfoundland and Labrador, Inc.	2004	867
St. John's Nursing Home Board	2004	875
St. John's Regional Health and Community Services Board	2004	893
Student Loan Corporation of Newfoundland and Labrador	2004	905
Vista School District	2003	913
Western Health Care Corporation	2004	943
Western Regional Health and Community Services Board	2004	955
Workplace Health, Safety and Compensation Commission	2003	971

The financial statements of the following agencies were not received in time for inclusion in this volume:

NAME	YEAR
Central West Health Corporation	2004
Director of Support Enforcement	2004
Newfoundland and Labrador Legal Aid Commission	2004
Peninsulas Health Care Corporation	2004
Private Training Corporation	2003
Public Health Laboratory	2003
	2004



**AVALON EAST SCHOOL DISTRICT
REPORT AND FINANCIAL STATEMENTS**

June 30, 2003

AUDITORS' REPORT

To the Trustees of the
Avalon East School District.

We have audited the balance sheet of the Avalon East School District as at June 30, 2003 and the statements of current revenue, expenditures and district deficiency, cash flows and changes in capital fund for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The accounting policy with respect to the District's capital assets is described in Note 1. Canadian generally accepted accounting principles require that not for profit organizations record all capital assets at cost and amortize them over their estimated useful lives. While the District has commenced amortization on certain capital assets, amortization has not been provided on buildings and building improvements. In this respect, these financial statements are not in accordance with Canadian generally accepted accounting principles. Furthermore, information concerning the costs and estimated useful lives of buildings and building improvements, as well as other capital asset additions prior to January 1, 1997, is not readily available. If the District's capital assets were recorded in accordance with Canadian generally accepted accounting principles, changes to the amounts reported for capital assets, investment in capital assets, expenditures and excess of expenditures over revenue would be necessary.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves with respect to the balances of capital assets as described in the preceding paragraph, these financial statements present fairly the financial position of the District as at June 30, 2003 and the results of its operations and the changes in its cash flows and capital fund for the year then ended, with the exception of Teachers' vacation pay as disclosed in note 5, are in accordance with the reporting requirements established for school districts in the Province of Newfoundland and Labrador by the Department of Education.

St. John's, Newfoundland and Labrador
October 6, 2003

Deloitte & Touche
Chartered Accountants

**Avalon East School District
Balance Sheet**

As At June 30, 2003

2003

2002

Assets

Current

Cash (supp. Info. 1)	\$ 1,871,893	\$ 47,123
Short-term investments (supp. Info. 2)	5,544	109,848
Accounts receivable (note 4)	4,093,723	3,942,840
Teachers' vacation pay (note 5)	17,275,268	16,062,202
Prepaid expenses (supp. info. 3)	385,896	360,339
	<u>23,632,324</u>	<u>20,522,352</u>

Capital assets (schedule 7)	<u>110,038,315</u>	<u>109,718,076</u>
	<u>\$ 133,670,639</u>	<u>\$ 130,240,428</u>

Liabilities

Current

Short-term borrowings (note 6)	\$	\$ 1,247,665
Current maturities (schedule 8)	61,517	57,092
Teachers' vacation pay (note 5)	17,275,268	16,062,202
Current portion of obligation under capital lease (note 11)	586,879	-
Accounts payable and accrued liabilities (note 7)	<u>3,293,234</u>	<u>4,768,848</u>
	21,216,898	22,135,807

Long-term debt (schedule 8)	64,658	126,174
Obligation under capital lease (note 11)	4,364,461	-
Teachers' severance pay benefits (note 3)	28,222,739	26,232,632
Other employee severance pay accrual	2,567,329	2,403,352
Other employee benefits (note 10)	<u>497,713</u>	<u>506,146</u>
	<u>56,933,798</u>	<u>51,404,111</u>

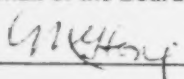
District Equity

Investment in capital assets (note 9)	109,192,794	108,798,200
Reserve account (note 8)	-	-
District deficiency	<u>(32,455,953)</u>	<u>(29,961,883)</u>
	<u>76,736,841</u>	<u>78,836,317</u>

	<u>\$ 133,670,639</u>	<u>\$ 130,240,428</u>
--	-----------------------	-----------------------

Contingent Liability (Note 15)

On Behalf of the Board:

 Chairperson R. Elisavanti Treasurer

See accompanying notes to financial statements.

Avalon East School District
Statement of Current Revenue, Expenditures and District Deficiency

For the Year Ended June 30, 2003

2003

2002

Current Revenue (Schedule 1)

Provincial Government grants	\$168,093,505	\$159,060,521
Ancillary services	38,155	19,608
Miscellaneous	<u>1,549,786</u>	<u>511,541</u>
	<u>169,681,446</u>	<u>159,591,670</u>

Current Expenditures

Administration (Schedule 2)	2,562,805	2,676,127
Instruction (Schedule 3)	145,117,935	135,913,617
Operations and maintenance (Schedule 4)	15,900,520	14,340,061
Pupil transportation (Schedule 5)	6,739,633	6,485,286
Ancillary services (Schedule 6)	145,633	127,001
Interest (Schedule 8C)	58,256	27,355
Amortization of capital assets	279,653	226,702
Miscellaneous (Schedule 6)	<u>-</u>	<u>-</u>

170,804,435 159,796,149

Excess of expenditures over revenue before
undernoted items

(1,122,989) (204,479)

Transfer from capital (Note 9)

561,820 314,577

Site restoration costs (Note 14)

- (532,694)

Excess of expenditures over revenue before teachers'
severance

(561,169) (422,596)

Net change in teachers' severance liability (Note 3)

(1,990,107) (1,144,848)

Excess of expenditures over revenue

\$ (2,551,276) \$ (1,567,444)

District deficiency, beginning of the year, before restatement

\$(29,961,883) \$(28,394,439)

Change in accounting policy (note 2)

57,206 -

District deficiency, beginning of the year, as restated

(29,904,677) (28,394,439)

Excess of expenditures over revenue

(2,551,276) (1,567,444)

District deficiency, end of the year

\$(32,455,953) \$(29,961,883)

See accompanying notes to financial statements.

**Avalon East School District
Statement of Cash Flows**

For the Year Ended June 30, 2003

2003

2002

OPERATING ACTIVITIES

Excess of expenditures over revenue	\$ (2,551,276)	\$ (1,567,444)
Items not affecting cash:		
Amortization of energy retrofit	797,858	766,120
Amortization of capital assets	279,653	226,702
Severance pay accrual	163,977	75,050
Teachers severance liability	1,990,107	1,144,848
Other employee benefits liability	(8,433)	(9,682)
Short term investments	104,304	(2,011)
Accounts receivable	(150,883)	1,812,118
Prepaid expenses	(25,557)	(90,676)
Accounts payable and accrued liabilities	(1,475,614)	(1,557,648)
Change in accounting policy	57,206	-
	<u>(818,658)</u>	<u>797,377</u>

INVESTING ACTIVITIES

Capital expenditures	(1,227,269)	(468,591)
Change in investment in capital assets	394,594	(314,577)
Energy retrofit	(170,481)	(156,669)
	<u>(1,003,156)</u>	<u>(939,837)</u>

FINANCING ACTIVITIES

Proceeds from obligation under capital lease	5,000,000	-
Repayment of obligation under capital lease	(48,660)	-
Proceeds from short-term borrowings	-	198,760
Repayment of long-term debt	(57,091)	(52,984)
Repayment of short-term borrowings	(1,247,665)	-
	<u>3,646,584</u>	<u>145,776</u>
Change in cash resources	1,824,770	3,316
Cash, beginning of the year	47,123	43,807
Cash , end of the year	\$ 1,871,893	\$ 47,123
Supplementary cash flow information:		
Interest paid	<u>\$ 58,256</u>	<u>\$ 27,355</u>

See accompanying notes to financial statements.

**Avalon East School District
Statement of Changes in Capital Fund**

For the Year Ended June 30, 2003

2003

2002

70 Capital receipts

71 Proceeds from bank loans

011 School construction
012 Equipment
013 Service vehicles
014 Pupil transportation
015 Other

\$	-	\$	-
	-		-
	-		-
	-		-
	-		-
	-		-
	-		-

72 EIC grants

011 School construction and equipment
012 Other

956,414	-
-	-
956,414	-

73 Donations

011 Cash receipts
012 Non-cash receipts
013 Restricted use

-	-
-	-
-	-
-	-

74 Sale of capital assets - proceeds

011 Land and 012 buildings
013 Equipment
014 Service vehicles
015 Pupil transportation vehicles
016 Other

-	-
-	10,000
-	-
-	-
-	-
-	10,000

75 Other capital revenues

011 Interest on capital fund investments
012 Premiums on debentures
013 Recoveries of expenditures
015 Insurance proceeds
016 Native peoples grants
017 Miscellaneous
 Department of Education capital grants
 Department of Education technology grants
 Cost sharing for technology grants

-	-
-	-
1,077,655	1,281,341
-	-
-	-
-	-
-	-
-	-
-	-
1,077,655	1,281,341

78 Transfer to current fund

(561,820)	(314,577)
\$ 1,472,249	\$ 976,764

See accompanying notes to financial statements.

**Avalon East School District
Statement of Changes in Capital Fund (Cont'd)**

For the Year Ended June 30, 2003

2003

2002

80 Capital disbursements

81 Additions to capital assets

011 Land and sites	\$ -	\$ -
012 Buildings	903,143	-
013 Furniture and equipment - School	324,127	224,177
014 Furniture and equipment - other	74,498	29,313
015 Service vehicles	-	38,973
016 Pupil transportation	-	-
017 Other	<u>170,481</u>	<u>1,487,426</u>
	<u>1,472,249</u>	<u>1,779,889</u>

82 Principal repayment of long-term debt

011 School construction	-	-
012 Equipment	-	49,171
013 Service vehicles	-	-
014 Other	<u>-</u>	<u>-</u>
	<u>-</u>	<u>49,171</u>

83 Miscellaneous disbursements

013 Other	<u>-</u>	<u>-</u>
	<u>\$ 1,472,249</u>	<u>\$ 1,829,060</u>

See accompanying notes to financial statements.

**Avalon East School District
Notes to Financial Statements**

For the Year Ended June 30, 2003

Mission Statement

The Avalon East School District (Formerly the Avalon East School Board) exists to nurture the development of the personal and learning potential of each student to become an informed, caring, contributing member of society.

1. Significant Accounting Policies

These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of accounting policies summarized below:

Revenue

The District's main source of funding is derived from the Government of Newfoundland and Labrador, Department of Education ("the Department"). The Department provides funding for operations, transportation, capital expenditures and teacher salaries and severance pay. Funding designated for specific purposes is deferred and included in revenue when the related expenditures have been incurred.

Capital Assets

Capital assets assumed by the District on January 1, 1997, as a result of legislation passed pursuant to the Schools Act and the Education Act, are recorded based on the audited financial statements of the predecessor entities. Additions to capital assets after January 1, 1997 are recorded at cost. Proceeds are credited to appropriate property accounts and gains or losses are not recorded. Amortization is recorded as follows:

Asset	Period	Rate
Buildings and improvements	Commencing with additions since July 1, 1999	4% declining balance
Energy retrofit	Commencing with additions since July 1, 1998	7 years straight line
Furniture and equipment	Commencing with additions since July 1, 1999	20% declining balance
Computer equipment	Commencing with additions since July 1, 1999	30% declining balance

Additions to buildings and building improvements administered by the Government of Newfoundland and Labrador, Department of Works, Service and Transportation have not been reflected in these financial statements.

Teachers' and Student Assistants' Payroll

The Government of Newfoundland and Labrador processes the payrolls and remits the source deductions directly to the appropriate agency. The amounts recorded in the financial statements represent gross salaries for the year.

Pension Costs

All permanent employees of the District are covered by pension plans administered by the Government of Newfoundland and Labrador. Contributions to these plans are required from both the employee and the District. Post retirement obligations to employees are the responsibility of the Government of Newfoundland and Labrador and, as such, the contributions for pensions and other retirement benefits are recognized in the accounts on a current basis.

For the Year Ended June 30, 2003

1. Significant Accounting Policies (Cont'd)

Use of Accounting Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting periods. Actual results could differ from those estimates.

2. Change in Accounting Policy

Effective for fiscal 2003, revenues and related expenditures not related to normal operations were recorded in these financial statements on a prospective basis.

In years prior to fiscal 2003, funding not related to normal operations were recorded in a separate fund and presented in these financial statements as deferred grants (see note 7), and the revenues and related expenditures for this fund were not recorded in these financial statements.

3. Teachers' Severance Pay Benefits

Pursuant to a directive issued by the Department during fiscal 1998, the District recorded severance pay for teachers in the District. The Schools Act specifies that salaries and other compensation for teachers are the responsibility of the Department. The District received written approval from the Minister of Education for the deficit arising from the Department's requirement for the teachers' severance.

The net change in the liability for the year ended is as follows:

	<u>2003</u>	<u>2002</u>
Balance, beginning of the year	\$ 26,232,632	\$ 25,087,784
Increase for the year	4,212,952	3,087,558
Severance payments	<u>(2,222,845)</u>	<u>(1,942,710)</u>
Balance, end of the year	<u>\$ 28,222,739</u>	<u>\$ 26,232,632</u>

4. Accounts Receivable

	<u>2003</u>	<u>2002</u>
Current		
11 131 Provincial Government	\$ 3,798,155	\$ 3,513,565
132 Transportation	124,565	137,445
133 Federal Government	90,686	147,551
138 Interest	7,858	359
139 Travel advances and miscellaneous	66,105	134,318
Capital		
11 231 Provincial Govt -construction grants	6,354	9,602
235 Other	<u>-</u>	<u>-</u>
	<u>\$ 4,093,723</u>	<u>\$ 3,942,840</u>

**Avalon East School District
Notes to Financial Statements**

For the Year Ended June 30, 2003

5. Teachers' Vacation Pay

Pursuant to a directive issued by the Department during fiscal 2003, the District recorded the vacation pay liability for teachers in the District. The liability relates to teachers' salaries earned during the school year but not fully paid to teachers until subsequent to June 30. Although the directive requested that a receivable from the Department for the liability not be recorded, the Schools Act specifies that salaries and other compensation for teachers are the responsibility of the Department. Accordingly, the District has recorded teachers' vacation pay receivable of \$17,275,268 at June 30, 2003. The comparative balance sheet figures have been restated to reflect the opening receivable and payable for the liability at June 30, 2002.

6. Short-Term Borrowings

21 131 On operating credit	\$ -	\$ 1,247,665
132 On capital account	-	-
	<u>\$ -</u>	<u>\$ 1,247,665</u>

The District has an authorized operating demand loan of \$4,000,000, bearing interest at Royal Bank prime less .65% which was unused as at June 30, 2003. In accordance with the Schools Act 1997, the operating demand loan is supported by a letter of approval to borrow provided by the Minister of Education.

7. Accounts Payable and Accrued Liabilities

Current	2003	2002
21 111 Trade payables	\$ 1,564,595	\$ 1,696,789
112 Accrued liabilities	306,476	461,789
114 Wages	1,086,879	941,168
115 Payroll deductions	228,673	174,263
117 Deferred grants	106,611	1,494,345
Capital		
21 211 Trade payable	-	494
213 Accrued interest	-	-
	<u>\$ 3,293,234</u>	<u>\$ 4,768,848</u>

8. Reserve Account

	2003	2002
Balance, beginning of year	\$ -	\$ -
Less transfer from reserve	-	-
	-	-
Add transfer to reserve	-	-
	-	-
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>

Avalon East School District
Notes to Financial Statements

For the Year Ended June 30, 2003

9. Investment in Capital Assets

	<u>2003</u>	<u>2002</u>
Investment in capital assets, beginning of the year	\$ 108,798,200	\$ 109,112,777
Add:		
Transfer of operating Funds from capital fund	(561,820)	(314,577)
Grants - contributions for capital construction	956,414	-
Proceeds from sale of capital assets	-	-
Interest on capital fund investments	-	-
Recoveries of expenditures	-	-
Insurance proceeds - capital	-	-
Native peoples grants - capital	-	-
Miscellaneous	-	-
School contributions	-	-
	<u>109,192,794</u>	<u>108,798,200</u>
Deduct adjustments:		
Cost of assets sold	-	-
Other		
Government of Newfoundland and Labrador adjustments	-	-
Adjustment to carrying value of certain capital assets	-	-
	<u>-</u>	<u>-</u>
23 221 Investment in capital assets, end of the year	<u>\$ 109,192,794</u>	<u>\$ 108,798,200</u>

10. Other Employee Benefits

	<u>2003</u>	<u>2002</u>
Pension plan	\$ 2,624	\$ 4,167
Unused pre-1985 sick leave	<u>495,089</u>	<u>501,979</u>
	<u>\$ 497,713</u>	<u>\$ 506,146</u>

The District charges operations with the amount of benefits accruing to employees in each year.

The District has recorded the obligation to pay certain employees at the termination of their employment for unused sick leave accumulated prior to January 1, 1985.

Avalon East School District
Notes to Financial Statements

For the Year Ended June 30, 2003

11. Obligation Under Capital Lease

During the year the District entered into a capital lease with Royal Bank of Canada to finance its Energy Performance capital expenditures. The lease is for \$3,000,000 for 5 years with a purchase option of \$2,000,000 and the end of the term. Future minimum payments under this capital lease, together with the balance of the obligation due under the capital lease is as follows for the year ending in:

	2004	\$	616,920
	2005		616,920
	2006		616,920
	2007		616,920
	2008		<u>565,510</u>
			3,033,190
Add: Purchase option price			2,000,000
Less: amount representing interest			<u>81,850</u>
			4,951,340
Less: current portion			<u>586,879</u>
		\$	<u>4,364,461</u>

Interest has been imputed at a rate of 1.10%.

12. Lease Commitments

The District is committed under the terms of various operating leases to make payments in the next five years approximately as follows:

2004	\$	567,000
2005	\$	529,000
2006	\$	447,000
2007	\$	447,000
2008	\$	215,000

13. Insurance Subsidy

The cost of insuring school properties is borne by the Provincial Government and no amount has been recorded in these accounts to reflect this cost.

**Avalon East School District
Notes to Financial Statements**

For the Year Ended June 30, 2003

14. Site Restoration Costs

The former Park Avenue school site, situated in Mount Pearl, required remediation during 2002 due to the determination of contaminated soil caused by an underground fuel storage tank.

15. Contingent Liability

Site restoration and remediation costs associated with school properties under the District are charged to operations as incurred. Estimated future site restoration and remediation costs have not been accrued in these financial statements since the obligation, if any, is presently not determinable.

16. Comparative Figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

**Avalon East School District
Schedule 1
Current Revenues**

For the Year Ended June 30, 2003

2003

2002

Current Revenues

32 010 Provincial Government Grants

011 Regular operating grants	\$ 22,722,909	\$ 21,887,544
016 Special grants	-	-
French immersion	-	-
Official language monitor	-	-
French language recuperation	-	-
Textbook credit allocation	-	-
Communication technology	-	-
Other	-	-
Salaries and benefits	-	-
017 Directors and assistant directors	306,468	229,663
021 Regular teachers	132,402,045	124,819,509
Teachers' severance	2,222,845	1,942,710
022 Substitute teachers	-	-
Student assistants	3,732,391	3,715,510
030 Pupil transportation	-	-
031 Board owned	-	-
032 Contracted	5,768,109	5,517,859
033 Handicapped	<u>938,738</u>	<u>947,726</u>

168,093,505 159,060,521

33 010 Donations

012 Cash receipts	-	-
013 Non cash receipts	-	-
014 Restricted use	-	-

- -

34 010 Ancillary Services

011 Revenues from rental of residences	-	-
021 Revenues from rental of Schools and facilities (Net)	38,155	19,608
031 Cafeterias	-	-
032 Other	-	-
	<u>38,155</u>	<u>19,608</u>

Avalon East School District
Schedule 1 (Cont'd)
Current Revenues

For the Year Ended June 30, 2003

2003

2002

35 010 Miscellaneous

011 Interest on investments	\$ 16,626	\$ 19,513
012 Bus charters	-	-
021 Recoveries of expenditures (workers' compensation)	-	-
031 Revenues from other School Districts	-	-
051 Insurance proceeds	-	-
061 Bilingual education revenue	-	-
071 Operating revenue from native peoples grant	-	-
081 Miscellaneous federal grants	-	-
091 Textbooks	399,019	371,203
092 Other		
Summer and night school fees	443,932	-
User pay bussing	-	1,110
Sundry	<u>690,209</u>	<u>119,715</u>
	<u>1,549,786</u>	<u>511,541</u>

Total Current Revenues

\$ 169,681,446

\$ 159,591,670

Avalon East School District
Schedule 2
Administration Expenditures

For the Year Ended June 30, 2003

2003

2002

51 Salaries and benefits		
011 Directors and assistant directors	\$ 426,786	\$ 381,583
012 Board office personnel	1,244,674	1,189,207
013 Office supplies	25,281	31,761
014 Replacement furniture and equipment	-	-
015 Postage	23,543	24,267
016 Telephone	80,572	85,017
017 Office equipment rentals and repairs	49,467	69,037
018 Bank charges	21,446	9,534
019 Electricity	-	-
021 Fuel	-	-
022 Insurance	34,500	45,500
023 Repairs and maintenance (office building)	-	-
024 Travel	33,725	45,677
025 Board meeting expenses	40,565	49,289
026 Election expenses	-	88,334
027 Professional fees	233,281	275,013
028 Advertising	38,526	48,676
029 Membership dues	-	-
031 Municipal service fees	-	-
032 Rental of office space	236,449	249,759
033 Relocation expenses	-	-
034 Miscellaneous	73,970	83,473
035 Payroll tax (included with salary costs)	-	-
Total Administration expenditures	<u>\$ 2,562,805</u>	<u>\$ 2,676,127</u>

Avalon East School District
Schedule 3
Instruction Expenditures

For the Year Ended June 30, 2003

2003

2002

52 010 Instructional Salaries (Gross)

Teachers' salaries		
011 Regular	\$ 110,301,245	\$ 104,094,553
012 Substitute	4,278,575	4,169,037
013 Board paid	-	-
Teachers' severance	2,222,845	1,942,710
014 Augmentation	128,209	106,296
015 Employee benefits	17,878,514	16,606,608
016 School secretaries - salaries and benefits	2,720,279	2,559,115
017 Payroll tax	108,362	105,280
018 Other		
Salaries and benefits - program assistants	155,572	185,997
Salaries and benefits - student assistants	3,667,772	3,651,842

141,461,373 133,421,438

52 040 Instructional Materials

041 General supplies	1,433,884	1,276,709
042 Library resource materials	163,957	167,970
043 Teaching aids	305,152	362,846
044 Textbooks	399,112	371,203

2,302,105 2,178,728

52 060 Instructional Furniture and Equipment

061 Replacement	26,846	31,018
062 Rentals and repairs	54,340	17,888

81,186 48,906

50 080 Instructional Staff Travel

082 Teachers' travel	101,009	116,581
----------------------	---------	---------

101,009 116,581

52 090 Other Instructional Costs

Other	1,172,262	147,964
-------	-----------	---------

1,172,262 147,964

Total instruction expenditures \$ 145,117,935 \$ 135,913,617

Avalon East School District
Schedule 4
Operations and Maintenance Expenditures - Schools

For the Year Ended June 30, 2003

2003

2002

53

Salaries		
011 Janitorial	\$ 7,084,649	\$ 6,575,835
012 Maintenance	436,544	550,549
013 Payroll tax	116,439	110,384
014 Electricity	3,928,196	3,503,959
015 Fuel	1,082,716	784,769
016 Municipal service fee	263,289	214,438
017 Telephone	422,661	458,042
018 Vehicle operating and travel	80,119	65,401
019 Janitorial supplies	307,879	316,828
021 Janitorial equipment	-	-
022 Repairs and maintenance - buildings	1,535,867	1,089,442
023 Equipment	6,874	7,475
024 Contracted services - janitorial	-	-
025 Snow clearing	556,956	568,090
026 Rentals	-	36,000
027 Other (miscellaneous)	78,331	58,849
Total operations and maintenance	<u>\$ 15,900,520</u>	<u>\$ 14,340,061</u>

Avalon East School District
Schedule 5
Pupil Transportation Expenditures

For the Year Ended June 30, 2003

2003

2002

54 040 Contracted Services

041 Regular transportation

\$ 5,800,319

\$ 5,500,948

042 Handicapped

939,314

984,338

Pupil transportation expenditures

\$ 6,739,633

\$ 6,485,286

Avalon East School District
Schedule 6
Ancillary Services and Miscellaneous Expenses

For the Year Ended June 30, 2003

2003

2002

Ancillary Services

The Board operates the following ancillary services:

55 Ancillary services

011 Operation of teachers' residences	\$ -	\$ -
031 Cafeterias	-	-
032 Other - Environmental Centre	<u>145,633</u>	<u>127,001</u>
	<u>\$ 145,633</u>	<u>\$ 127,001</u>

Miscellaneous Expenses

The Board has incurred the following miscellaneous expenses:

57 011 Miscellaneous expenses	\$ -	\$ -
-------------------------------	------	------

Avalon East School District
Schedule 7
Details of Capital Assets

For the Year Ended June 30, 2003

	Cost June 30, 2002	Additions	Disposals	Accumulated Amortization	NBV June 30, 2003
12 210 Land and Sites					
211 Land and sites	\$ 3,153,195	\$ -	\$ -	\$ -	\$ 3,153,195
12 220 Buildings					
221 Schools	93,000,962	903,143	-	36,126	93,867,979
222 Administration	1,082,474	-	-	21,480	1,060,994
223 Residential	-	-	-	-	-
224 Recreational	-	-	-	-	-
225 Other	-	-	-	-	-
	<u>94,083,436</u>	<u>903,143</u>	<u>-</u>	<u>57,606</u>	<u>94,928,973</u>
12 230 Furniture and Equip.					
231 Schools	8,399,374	249,628	-	728,754	7,920,248
232 Administration	843,540	74,498	-	37,241	880,797
233 Residential	-	-	-	-	-
234 Recreation	-	-	-	-	-
235 Other	-	-	-	-	-
	<u>9,242,914</u>	<u>324,126</u>	<u>-</u>	<u>765,995</u>	<u>8,801,045</u>
12 240 Vehicles					
241 Service vehicles	<u>42,873</u>	<u>-</u>	<u>-</u>	<u>19,035</u>	<u>23,838</u>
12 250 Pupil Transportation					
251 Land	-	-	-	-	-
252 Building	-	-	-	-	-
Vehicles					
253 Buses	-	-	-	-	-
254 Service	-	-	-	-	-
255 Equipment	-	-	-	-	-
256 Other	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
12 260 Assets Under Capital Lease					
Other					
261 Energy retrofit	<u>5,469,963</u>	<u>170,481</u>	<u>-</u>	<u>2,509,180</u>	<u>3,131,264</u>
Total Capital Assets	<u>\$ 111,992,381</u>	<u>\$ 1,397,750</u>	<u>\$ -</u>	<u>\$ 3,351,816</u>	<u>\$ 110,038,315</u>

Avalon East School District
Schedule 8
Details of Long- Term Debt

For the Year Ended June 30, 2003

2003

2002

Ref. #

211 Bank Loans

Repayable \$	5,706	monthly, maturing	2005	126,175	183,266
Repayable \$	-	monthly, maturing		-	-
Repayable \$	-	monthly, maturing		-	-
Repayable \$	-	monthly, maturing		-	-
Repayable \$	-	monthly, maturing		-	-
Repayable \$	-	monthly, maturing		-	-

Total 211

126,175

183,266

212 Mortgages

repayable \$	-	monthly, maturing		-	-
repayable \$	-	monthly, maturing		-	-
repayable \$	-	monthly, maturing		-	-
repayable \$	-	monthly, maturing		-	-
repayable \$	-	monthly, maturing		-	-
repayable \$	-	monthly, maturing		-	-

Total 212

-

-

213 Debentures

repayable \$	-	monthly, maturing		-	-
repayable \$	-	monthly, maturing		-	-

Total 213

-

-

Subtotal

126,175

183,266

215 Less current maturities

61,517

57,092

Total loans other than pupil transportation

\$ 64,658

\$ 126,174

For the Year Ended June 30, 2003

2002

-23-

Avalon East School District
Schedule 8A
Summary of Long-Term Debt

For the Year Ended June 30, 2003

Description	Rate	Balance Beginning of Year	Loans Obtained During Year	Principal Repayment for Year	Balance End of Year
A) School construction		\$ -	\$ -	\$ -	-
B) Equipment	7.5%	183,266	-	57,092	126,174
C) Service vehicles		-	-	-	-
D) Other		-	-	-	-
E) Pupil		-	-	-	-
Transportation		-	-	-	-
Total Loans		<u>\$ 183,266</u>	<u>\$ -</u>	<u>\$ 57,092</u>	<u>\$ 126,174</u>

Avalon East School District
Schedule 8B
Schedule of Current Maturities

For the Year Ended June 30, 2003

Description	Year 1	Year 2	Year 3	Year 4	Year 5
A) School construction	\$ -	\$ -	\$ -	\$ -	-
B) Equipment	61,517	64,658	-	-	-
C) Service vehicles	-	-	-	-	-
D) Other	-	-	-	-	-
E) Pupil	-	-	-	-	-
Transportation	-	-	-	-	-
Total loans	<u>\$ 61,517</u>	<u>\$ 64,658</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>

Avalon East School District
Schedule 8C
Schedule of Interest Expense

For the Year Ended June 30, 2003

2003

2002

56 010

Description

012 Capital

School construction

\$ - \$ -

Equipment

11,376 15,483

Service vehicles

- -

Other

Energy management - capital lease

2,750 -

Total Capital

14,126 15,483

Current

013 Operating loans

44,130 11,872

014 Supplier interest
Charges

- -

Total Current

44,130 11,872

Total Interest Expense

\$ 58,256 \$ 27,355

Avalon East School District
Supplementary Information

For the Year Ended June 30, 2003

2003

2002

1. Cash

Current

Bank

112 Current	\$ 1,816,038	\$ -
113 Savings	-	-
114 Teachers' payroll	52,855	46,123
115 Non teachers' payroll	-	-
116 Coupon (debenture)	-	-
117 Other (petty cash)	<u>1,000</u>	<u>1,000</u>
	<u>1,871,893</u>	<u>47,123</u>

Capital

11 210 Cash on hand and in bank

211 Cash on hand

Bank

212 Current

213 Savings

214 Other

-	-
-	-
-	-
-	-
-	-
-	-
-	-

Total cash on hand and in bank

\$ 1,871,893 \$ 47,123

2. Short Term Investments

Current

123 Other

- Canada treasury bills

- Mutual funds

- Balance in broker account

- Guaranteed investment Certificates

\$ -	\$ -
-	-
-	-
5,544	109,848

Capital

11 221 Term deposits

222 Canada savings bonds

223 Other

-	-
-	-
-	-

Total Short-term investments

\$ 5,544 \$ 109,848

Avalon East School District
Supplementary Information

For the Year Ended June 30, 2003

2003

2002

3. Prepaid Expenses

Current

11 141 Insurance	\$	4,112	\$	3,112
142 Municipal service fees		23,874		20,265
143 Supplies		-		-
144 Other				
Equipment lease		46,109		47,225
Workers' compensation		260,476		249,176
Garbage collection		1,500		1,500
Vehicle insurance		-		-
Other		49,825		39,061

Capital

11 241 Other		-		-
	\$	<u>385,896</u>	\$	<u>360,339</u>

Avalon Health Care Institutions Board
Consolidated Financial Statements
March 31, 2004

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Directors of the
Avalon Health Care Institutions Board

We have audited the consolidated statement of financial position of the **Avalon Health Care Institutions Board** as at March 31, 2004, and the consolidated statements of operations, changes in deficiency and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
July 22, 2004

Grant Thornton LLP
Chartered Accountants

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Avalon Health Care Institutions Board

Consolidated Statement of Operations

(Note 15)

Year Ended March 31

2004

2003

Revenue

Provincial plan - department's approved operating budget	\$ 50,322,340	\$ 49,192,228
MCP physician revenue	6,379,769	5,028,422
Resident revenue - long term care	2,762,999	2,536,008
Department of Health and Community Services - direct payments	906,772	1,482,077
Workers' Compensation recoveries - salaries	754,169	767,362
Dietary recoveries	252,055	217,846
Outpatient	240,945	175,995
Inpatient	148,027	89,998
Mortgage interest subsidy	112,296	112,296
Other	327,351	338,515
	<u>62,206,723</u>	<u>59,940,747</u>

Expenditure

Nursing inpatient services	24,197,019	24,169,400
Support services	15,157,373	13,646,918
Diagnostic and therapeutic services	7,273,407	6,754,647
Medical services	7,218,854	5,934,132
Administration	5,621,918	5,211,378
Ambulatory care services	3,575,457	4,560,072
Education	160,347	144,006
Undistributed	1,892	2,170
	<u>63,206,267</u>	<u>60,422,723</u>

Deficit prior to non-shareable items

(999,544) (481,976)

Non-shareable items

Amortization of deferred capital equipment grants	749,748	683,908
Depreciation	(1,217,611)	(1,174,033)
Accrued vacation expense - increase	(290,017)	(16,276)
Accrued severance expense - increase	(494,712)	(623,370)
Board operations (net)	(277,469)	(191,222)
	<u>(1,520,061)</u>	<u>(1,320,993)</u>

Deficit on operations

\$ (2,519,605) \$ (1,802,969)

See accompanying notes to the consolidated financial statements.

Avalon Health Care Institutions Board
Consolidated Statement of Changes in Deficiency
Year Ended March 31, 2004

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Board Fund</u>	<u>Total 2004</u>	(Note 15) <u>Total 2003</u>
Balance, beginning of year	\$(17,970,864)	\$ 191,727	\$(386,415)	\$(18,165,552)	\$ (16,362,583)
Deficit on operations	<u>(2,242,136)</u>	<u>-</u>	<u>(277,469)</u>	<u>(2,519,605)</u>	<u>(1,802,969)</u>
Balance, end of year	<u>\$(20,213,000)</u>	<u>\$ 191,727</u>	<u>\$(663,884)</u>	<u>\$(20,685,157)</u>	<u>\$ (18,165,552)</u>

See accompanying notes to the consolidated financial statements.

Avalon Health Care Institutions Board

Consolidated Statement of Financial Position

(Note 15)

March 31

2004

2003

Assets

Current

Receivables (Note 3)	\$ 3,027,640	\$ 1,573,678
Inventories (Note 4)	1,622,198	1,458,242
Prepays	<u>638,831</u>	<u>512,322</u>
	5,288,669	3,544,242
Capital assets (Note 5)	17,731,326	17,139,922
Restricted use funds (Note 6)	<u>317,865</u>	<u>217,859</u>
	<u>\$ 23,337,860</u>	<u>\$ 20,902,023</u>

Liabilities

Current

Bank indebtedness (Note 7)	\$ 12,440,461	\$ 7,942,588
Payables and accruals	2,917,543	3,910,184
Accrued vacation pay	2,969,058	2,679,041
Deferred contributions - operating	14,454	190,967
Deferred contributions - capital	302,592	142,008
Current portion of accrued severance pay	344,520	231,609
Current portion of loans and mortgages payable	379,637	374,447
Current portion of obligations under capital lease	<u>80,800</u>	<u>94,379</u>
	19,449,065	15,565,223
Restricted use funds (Note 6)	317,865	217,859
Accrued severance pay	7,176,926	6,805,125
Loans and mortgages payable (Note 8)	6,578,930	6,933,392
Obligations under capital lease (Note 9)	<u>109,938</u>	<u>98,225</u>
	33,632,724	29,619,824
Deferred contributions - unamortized portion of capital grants (Note 10)	<u>10,390,293</u>	<u>9,447,751</u>
	<u>44,023,017</u>	<u>39,067,575</u>
Net Assets (Deficiency)		
Operating Fund deficit (Note 11)	(20,213,000)	(17,970,864)
Capital Fund net assets	191,727	191,727
Board Fund deficit	<u>(663,884)</u>	<u>(386,415)</u>
	<u>(20,685,157)</u>	<u>(18,165,552)</u>
	<u>\$ 23,337,860</u>	<u>\$ 20,902,023</u>

Contingencies (Note 13)

On behalf of the Board

Grant Thornton Member [Signature] Member

See accompanying notes to the consolidated financial statements.

Avalon Health Care Institutions Board

Consolidated Statement of Cash Flows

(Note 15)

Year Ended March 31	2004	2003
Increase (decrease) in cash and cash equivalents		
Operating		
Deficit on operations	\$ (2,519,605)	\$ (1,802,969)
Depreciation	1,217,611	1,174,033
Amortization of deferred capital equipment grants	<u>(749,748)</u>	<u>(683,908)</u>
	(2,051,742)	(1,312,844)
Change in non-cash operating working capital (Note 12)	<u>(1,978,268)</u>	<u>1,843,691</u>
	<u>(4,030,010)</u>	<u>530,847</u>
Financing		
Capital grants - Province of Newfoundland and Labrador	1,518,641	2,298,192
Capital grants - other organizations	173,649	513,056
Approved borrowing - short term financing	21,573	-
Approved borrowing - capital leasing	95,153	-
Repayment of long term debt	(370,844)	(359,228)
Repayment of obligations under capital lease	<u>(97,019)</u>	<u>(130,897)</u>
	<u>1,341,153</u>	<u>2,321,123</u>
Investing		
Purchase of capital assets	<u>(1,809,016)</u>	<u>(2,811,248)</u>
Net (decrease) increase in cash and cash equivalents	(4,497,873)	40,722
Cash and cash equivalents		
Beginning of year	<u>(7,942,588)</u>	<u>(7,983,310)</u>
End of year	<u>\$ (12,440,461)</u>	<u>\$ (7,942,588)</u>

See accompanying notes to the consolidated financial statements.

Avalon Health Care Institutions Board

Notes to the Consolidated Financial Statements

March 31, 2004

1. Nature of operations

The Avalon Health Care Institutions Board assumed the assets and liabilities of the Trinity-Conception Regional Health Board, the Placentia and Area Health Care Board, the Conception Trinity Inter-Faith Citizens' Foundation, and the Medical Clinics Association effective April 1, 1995.

These consolidated financial statements reflect on a combined basis, the assets, liabilities, fund balances, revenues and expenditures of the predecessor entities and the Board Fund.

2. Summary of significant accounting policies

The accounting policies of the Board are in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered significant to the Board.

Use of estimates

In preparing the Board's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditure during the year. Actual results could differ from these estimates.

Capital grants and donations

Capital grants relating to the acquisition of capital assets are recorded as deferred contributions and amortized on the same basis as the related asset is depreciated.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of any overdrafts. Bank borrowings are considered to be financing activities.

Inventories

Inventory of drugs, medical and surgical supplies, and other supplies are valued as follows:

- Drugs, at average cost
- Medical and surgical supplies, at average cost
- Other supplies, at cost

Capital assets

Capital assets are recorded at cost, with the exception of the buildings occupied as Carbonear General Hospital, the Harbour Lodge Nursing Home, and Dr. Wm. H. Newhook Community Health Centre which are not recorded as assets of the Board. Any capital improvements to these buildings are expensed in the accounts of the Board.

Avalon Health Care Institutions Board

Notes to the Consolidated Financial Statements

March 31, 2004

3. Summary of significant accounting policies (cont'd.)

Depreciation

Rates of depreciation applied on the declining balance method to write off the cost of capital assets over their estimated useful lives are as follows:

Land improvements	10%
Buildings	2.5%
Equipment	6.66%
Vehicles	20%

Depreciation is provided on property and equipment purchased from loans and capital leases at a rate equal to the annual principal reduction of the loans and capital leases.

Pension costs

Employees of the Board are covered by the Public Service Pension Plan and the Government Money Purchase Pension Plan administered by the Province of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Board. The annual contributions for pensions are recognized in the accounts on a current basis.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to receive severance pay vests with employees with nine years of continual service, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Board.

3. Receivables	<u>2004</u>	<u>2003</u>
Provincial plan	\$ 2,142,961	\$ 886,817
Services to patients	312,427	234,148
Other	<u>572,252</u>	<u>452,713</u>
	<u>\$ 3,027,640</u>	<u>\$ 1,573,678</u>

Avalon Health Care Institutions Board

Notes to the Consolidated Financial Statements

March 31, 2004

4. Inventories	2004	2003
Drugs	\$ 624,217	\$ 472,111
Medical and surgical supplies	436,442	371,075
Linen supplies	181,517	213,979
Laboratory supplies	243,642	268,019
Radiology supplies	48,955	60,914
Food supplies	20,562	13,165
General supplies	66,863	58,979
	<u>\$ 1,622,198</u>	<u>\$ 1,458,242</u>

5. Capital assets			2004	2003
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land and improvements	\$ 196,036	\$ 3,837	\$ 192,199	\$ 192,252
Buildings	9,185,134	2,118,394	7,066,740	7,411,349
Residences	218,811	205,628	13,183	20,957
Equipment	20,064,682	9,796,805	10,267,877	9,379,597
Vehicles	475,185	283,858	191,327	135,767
	<u>\$ 30,139,848</u>	<u>\$ 12,408,522</u>	<u>\$ 17,731,326</u>	<u>\$ 17,139,922</u>

6. Restricted use funds

The chief executive officer of the Board, on a voluntary basis, administers certain personal funds held in trust for residents. These funds do not form part of the assets of the Board and accordingly a corresponding liability is recorded representing the amount of funds held by the nursing homes.

7. Bank indebtedness

The Board had an authorized overdraft, supported by an authorization to borrow from the Province, of \$13,000,000 (2003 - \$12,000,000) at March 31, 2004. The authorized overdraft is based on actual current account balances at March 31, 2004. At March 31, 2004, current account balances were in overdraft in the amount of \$11,754,595 (2003 - \$7,564,757).

Avalon Health Care Institutions Board

Notes to the Consolidated Financial Statements

March 31, 2004

8. Loans and mortgages payable	2004	2003
Canadian Imperial Bank of Commerce's prime lending rate less 62.5 basis points borrowing to finance the construction of a new facility at Old Perican. Loan is repayable in monthly instalments of \$21,200 plus interest, matures in 2016 and is unsecured.	\$ 3,156,245	\$ 3,389,073
6.22% Newfoundland and Labrador Housing Corporation mortgage, payable in monthly instalments of \$22,177 including interest. The mortgage matures in December 2020 and is secured by land and building.	2,779,941	2,871,809
10% Newfoundland and Labrador Housing Corporation mortgage, payable in monthly instalments of \$8,955 including interest. The mortgage matures in December 2028 and is secured by land and building.	1,000,457	1,009,188
6.75% Canadian Imperial Bank of Commerce mortgage, payable in weekly instalments of \$171 including interest. The mortgage matures in October 2005 and is secured by land and building.	13,182	20,956
8% Canadian Imperial Bank of Commerce demand loan, payable in monthly instalments of \$760 including interest. The loan matures in March 2005 and is unsecured.	8,742	16,813
	6,958,567	7,307,839
Less: current portion	379,637	374,447
	<u>\$ 6,578,930</u>	<u>\$ 6,933,392</u>

Approximate annual principal repayments required in each of the next five years are as follows: 2005 - \$379,637; 2006 - \$374,662; 2007 - \$377,528; 2008 - \$385,787; and 2009 - \$394,617.

Canada Mortgage and Housing Corporation - Interest subsidy

The Board receives federal assistance from Canada Mortgage and Housing Corporation through Newfoundland and Labrador Housing Corporation pursuant to Section 56.1 of the National Housing Act (now administered by Newfoundland and Labrador Housing Corporation) to reduce mortgage interest on the Lions Manor mortgage, a 6.22% Newfoundland and Labrador Housing Corporation mortgage payable in monthly instalments of \$22,177 including interest. The amount of assistance received in 2004 was \$92,224 (2003 - \$92,224) which reduced interest on the mortgage to an effective rate of 2%.

The Board receives federal assistance through the Canada Mortgage and Housing Corporation pursuant to Section 27 of the National Housing Act. The purpose of the assistance is to reduce mortgage interest on the Inter Faith Citizens Home mortgage, a 10% Newfoundland and Labrador Housing Corporation mortgage payable in monthly instalments of \$8,955 including interest, to 8%, in order to provide housing to low income individuals. The amount of assistance received in 2004 was \$20,072 (2003 - \$20,072).

Avalon Health Care Institutions Board

Notes to the Consolidated Financial Statements

March 31, 2004

9. Obligations under capital lease	<u>2004</u>	<u>2003</u>
7.51% Royal Bank of Canada lease, repayable in monthly instalments of \$2,008, maturing in 2009.	\$ 92,513	
7.68% Royal Bank of Canada lease, repayable in monthly instalments of \$3,199, maturing in 2005.	21,834	\$ 57,066
6.71% Royal Bank of Canada lease, repayable in monthly instalments of \$837, maturing in 2006.	16,403	24,536
6.48% Royal Bank of Canada lease, repayable in monthly instalments of \$528, maturing in 2006.	12,994	17,991
5.5% Royal Bank of Canada lease, repayable in monthly instalments of \$596, maturing in 2005.	10,283	16,333
7.71% Royal Bank of Canada lease, repayable in monthly instalments of \$312, maturing in 2005.	2,580	13,916
0% GMAC Financing Services of Canada Ltd. lease, repayable in monthly instalments of \$576, maturing in 2005.	11,491	18,058
2.9% GMAC Financial Services of Canada Ltd. lease, repayable in monthly instalments of \$583, maturing in 2005.	11,327	17,546
0% GMAC Financial Services of Canada Ltd. lease, repayable in monthly instalments of \$576, maturing in 2005.	11,313	17,778
7.10% Royal Bank of Canada lease, repaid during the year.	-	4,824
6.47% Royal Bank of Canada lease, repaid during the year.	-	4,556
	190,738	192,604
Less: current portion	<u>80,800</u>	<u>94,379</u>
	<u>\$ 109,938</u>	<u>\$ 98,225</u>

Avalon Health Care Institutions Board

Notes to the Consolidated Financial Statements

March 31, 2004

9. Obligations under capital lease (cont'd)

The capital leases are secured by specific equipment.

The payments required during the next five years are as follows:

2005	-	\$ 91,820
2006	-	57,178
2007	-	26,096
2008	-	24,091
2009	-	<u>14,261</u>
		213,446
Less: amount representing interest		<u>22,708</u>
		<u>\$ 190,738</u>

10. Deferred contributions

Capital grants received by the Board are deferred and amortized on a declining balance method consistent with the depreciation rate for the related asset purchased. The changes in the deferred capital grants balance for the year are as follows:

	<u>2004</u>	<u>2003</u>
Balance, beginning of year	\$ 9,447,751	\$ 7,320,411
Capital grants	1,692,290	2,811,248
Amortization for the year	<u>(749,748)</u>	<u>(683,908)</u>
Balance, end of year	<u>\$10,390,293</u>	<u>\$ 9,447,751</u>

11. Operating Fund deficit

	<u>2004</u>	<u>2003</u>
Accumulated operating deficit	\$ (9,722,496)	\$ (8,255,090)
Accrued severance pay	(7,521,446)	(7,036,733)
Accrued vacation pay	<u>(2,969,058)</u>	<u>(2,679,041)</u>
	<u>\$(20,213,000)</u>	<u>\$ (17,970,864)</u>

Avalon Health Care Institutions Board

Notes to the Consolidated Financial Statements

March 31, 2004

12. Supplemental cash flow information	2004	2003
Change in non-cash operating working capital		
Receivables	\$ (1,453,962)	\$ 2,699,582
Inventories	(163,956)	(35,514)
Prepays	(126,509)	26,506
Payables and accruals	(992,641)	1,053,773
Accrued vacation pay	290,017	16,276
Accrued severance pay	484,712	623,370
Deferred contributions - operating	(176,513)	(1,169,526)
Deferred contributions - capital	160,584	(1,370,776)
	<u>\$ (1,978,268)</u>	<u>\$ 1,843,691</u>
Cash and cash equivalents consist of:		
Cash on hand	\$ 11,675	\$ 11,675
Balances with banks (net of overdrafts)	<u>(12,452,136)</u>	<u>(7,954,263)</u>
	<u>\$ (12,440,461)</u>	<u>\$ (7,942,588)</u>
Interest paid	<u>\$ 413,294</u>	<u>\$ 425,860</u>

13. Contingencies

- The amount receivable from the Province of Newfoundland and Labrador under the insured services plan are subject to final approval and acceptance from the Financial Services Division of the Department of Health and Community Services.
- As of March 31, 2004 there were a number of claims against the Board in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Board with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

14. Financial instruments

The Board's primary financial instruments recognized in the statement of financial position consist of accounts receivable, current liabilities, accrued severance pay and loans and mortgages payable, and obligations under capital lease. The carrying value of the primary financial instruments of the Board approximate fair value due to the normal trade credit terms and conditions of those instruments.

15. Comparative figures

Certain of the 2003 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2004.

AVALON WEST SCHOOL BOARD
AUDITOR'S REPORT AND FINANCIAL STATEMENTS

June 30, 2003

BYRON SMITH

CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

DN D. SMITH, B. Comm., C.F.E., C.A.

P.O. Box 610
490 Conception Bay Highway
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AQA 3X0

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Authorized Training
and
Support Organization



AUDITOR'S REPORT

To the Board Members of:
Avalon West School Board

I have audited the balance sheet of the current and capital funds of the Avalon West School Board as at June 30, 2003 and the related statements of current revenues, expenditures and Board deficiency, cash flows and changes in capital fund for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

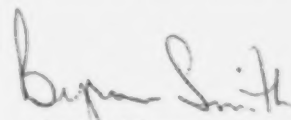
I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The accounting policy with respect to the Board's capital assets is described in Note 1. Canadian generally accepted accounting principles require that not for profit organizations record all capital assets at cost and amortize them over their estimated useful lives. No amount has been provided for amortization. In this respect, these financial statements are not in accordance with Canadian generally accepted accounting principles. If the Board's capital assets were recorded in accordance with Canadian generally accepted accounting principles, changes to the amounts reported for capital assets, investment in capital assets, expenditures and excess of expenditures over revenue would be necessary.

The accounting policy with respect to Teachers' Severance Pay and Teachers' Summer Pay are described in Note 2. Canadian generally accepted accounting principles require that all accounts receivable should be recorded and disclosed on the financial statements. In this respect, these financial statements are not in accordance with Canadian generally accepted accounting principles. If the accounts receivable were recorded in accordance with Canadian generally accepted accounting principles, changes to the amounts reported for accounts receivable, revenue, and excess of expenditures over revenue would be necessary.

In my opinion, except for the effects of the failure to record depreciation and accounts receivable as described in the preceding paragraphs, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2003 and the results of its operations and changes in its capital financial position for the year then ended in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

Spaniard's Bay, Newfoundland
August 29, 2003


Chartered Accountant

Avalon West School Board
Balance Sheet

As At June 30,	2003	2002
Assets		
Current		
Cash (Supp. Info. 1)	\$ 373,231	\$ 909,050
Short Term Investments (Supp. Info. 2)	63,279	62,821
Accounts receivable (Note 3)	878,013	521,991
Prepaid expenses (Supp. Info. 3)	<u>199,169</u>	<u>165,853</u>
	1,513,692	1,659,715
Property Plant and Equipment (Schedule 7)	<u>91,149,180</u>	<u>88,152,710</u>
	<u>\$ 92,662,872</u>	<u>\$ 89,812,425</u>
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 1,587,454	\$ 1,535,935
Teachers' Summer pay (Note 2)	6,215,863	5,933,770
Current maturities (Schedule 8B)	<u>153,750</u>	<u>139,498</u>
	7,957,067	7,609,203
Long term debt (Schedule 8)	1,221,734	1,254,895
Teachers' Severance Pay Benefits (Note 2)	11,126,455	10,574,598
Other Employee Severance Pay Accrual	<u>802,730</u>	<u>737,027</u>
	<u>11,929,185</u>	<u>11,311,625</u>
	<u>21,107,986</u>	<u>20,175,723</u>
Board Equity		
Investment in Capital assets (Note 7)	89,773,696	86,758,316
Reserve Account (Note 6)	109,024	66,526
Board Deficiency	<u>(18,327,834)</u>	<u>(17,188,140)</u>
	<u>71,554,886</u>	<u>69,636,702</u>
	<u>\$ 92,662,872</u>	<u>\$ 89,812,425</u>

On Behalf of the Board:

Calvin Burr Director

R. Fred Carr Director

See accompanying notes to financial statements.

**BYRON
SMITH**
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

Avalon West School Board
Statement of Current Revenue, Expenditures and Board Deficiency

For the Year Ended June 30, **2003** **2002**

Current Revenue (Schedule 1)

Provincial Government Grants	\$ 64,448,584	\$ 62,281,072
Miscellaneous	<u>733,599</u>	<u>760,957</u>
	<u>65,182,183</u>	<u>63,042,029</u>

Current Expenditures

Administration (Schedule 2)	1,337,202	1,555,119
Instruction (Schedule 3)	54,454,705	51,678,458
Operations and Maintenance (Schedule 4)	5,289,889	5,001,834
Pupil Transportation (Schedule 5)	4,015,206	3,931,197
Ancillary Services (Schedule 6)	4,767	5,152
Interest Expense (Schedule 8C)	<u>97,664</u>	<u>102,522</u>
	<u>65,199,433</u>	<u>62,274,282</u>

Excess of revenue over expenditures before undernoted items

(17,250) 767,747

Transfer to capital

1,122,444 383,466

Excess of revenue over expenditures

\$ (1,139,694) \$ 384,281

Board Deficiency, beginning of the year

\$ (17,188,140) \$ (17,572,421)

**Excess of revenue over expenditures
(expenditures over revenue)**

(1,139,694) 384,281

Board Deficiency, end of the year

\$ (18,327,834) \$ (17,188,140)

See accompanying notes to financial statements.

Avalon West School Board
Statement of Changes in Capital Fund

For the Year Ended June 30,

2003

2002

70 Capital Receipts

71 Proceeds from Bank Loans

011 School Construction
012 Equipment
013 Service Vehicles
014 Pupil Transportation
015 Other

\$ 144,126

144,126

72 DEC Grants

011 School Construction and Equipment
012 Other

2,000,553

\$ 6,351,669

2,000,553

6,351,669

73 Donations

011 Cash Receipts
012 Non-Cash Receipts
013 Restricted Use

74 Sale of Capital Assets - Proceeds

011 Land & 012 Buildings
013 Equipment
014 Service Vehicles
015 Pupil Transportation Vehicles
016 Other

9,500

9,500

75 Other Capital Revenues

012 Premiums on Debentures
013 Recoveries of Expenditures
015 Insurance Proceeds
016 Native Peoples Grants
017 Miscellaneous

78 Transfer to/from Current Fund

1,122,444

383,466

\$ 3,276,623

\$ 6,735,135

See accompanying notes to financial statements.

Avalon West School Board
Statement of Changes in Capital Fund (Cont'd)

For the Year Ended June 30, 2003 2002

80 Capital Disbursements

81 Additions to Property & Equipment

011 Land and Sites	\$ 50,794	
012 Buildings	2,642,943	\$ 6,541,042
013 Furniture & Equipment - School	323,476	23,062
014 Furniture & Equipment - Other	1,000	
015 Service Vehicles	95,375	
016 Pupil Transportation		
017 Other		
	<u>3,113,588</u>	<u>6,564,104</u>

82 Principal Repayment of Long Term Debt

011 School Construction		
012 Equipment	163,035	171,031
013 Service Vehicles		
014 Other		
	<u>163,035</u>	<u>171,031</u>

83 Miscellaneous Disbursements

013 Other		
-----------	--	--

Total Capital Disbursements	\$ <u>3,276,623</u>	\$ <u>6,735,135</u>
-----------------------------	---------------------	---------------------

See accompanying notes to financial statements.

Avalon West School Board
Notes to the Financial Statements

For the Year Ended June 30, 2003

The Avalon West School Board administers the school systems in the Avalon West region. It is a public service body fully funded by the Provincial Department of Education. It is exempt from income taxes under section 149 of the Income Tax Act.

1. Significant Accounting Policies

Fund Accounting

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Boards to account separately for the current and capital fund.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting is as follows:

- i) Grants received by the Board are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the EIC (Education Investment Corporation) are recorded as capital revenues. Also, amounts paid to construction companies from the EIC on behalf of the Board for capital projects are treated as capital revenues.
- ii) Capital accounts disclose the original cost of providing a fully equipped operating property. Subsequent additions are only capitalized if they represent items of a major nature. Replacement items such as furniture and equipment are items of expense.
- iii) The Board does not calculate or record depreciation on any of its fixed assets.
- iv) Principal repayment of Pupil Transportation Loans are recorded as Current Expenditures. All other principal repayment of bank loans are recorded as Capital Expenditures.
- v) In accordance with a directive issued by the Department of Education, the annual excess of expenditures over revenue or revenue over expenditures in the capital fund, is to be recovered/transferred, from/to the operating fund.
- vi) The preparation of the Board's financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue

The Board's main source of funding is derived from the Government of Newfoundland Department of Education. The Department provides funding for operations, transportation, capital expenditures and teacher salaries and severance pay. Funding designated for specific purposes is deferred and included in revenue when the related expenditures have been incurred.

Teachers' Payroll

The Government of Newfoundland processes the teachers' payroll and remits the source deductions directly to the appropriate agency. The amounts recorded in the financial statements represent gross salaries for the period.

For the Year Ended June 30, 2003

Student Assistants' Payroll

The Government of Newfoundland and Labrador processes the student assistants' payroll and remits the source deductions directly to the appropriate agency. The amounts recorded in the financial statements represent gross salaries for the period.

Pension Costs

All permanent employees of the Board are covered by the Public Service Pension Plan administered by the Province of Newfoundland. Contributions to the plan are required from both the employee and the Board. The annual contributions for pensions are recognized in the accounts on a current basis.

2. Teachers' Liability

a.) Severance

Pursuant to a directive issued by the Department of Education during fiscal 1998, the Board recorded severance pay for teachers in the Board. The Schools Act specifies that salaries and other compensation for teachers are the responsibility of the Department. The Department of Education has issued a directive that no receivable shall be recorded by the school board. The Board received written approval from the Minister of Education for the deficit arising from the Department's requirement to accrue the teachers' severance.

The net change in the liability for the year ended June 30, 2003 is as follows:

	<u>2003</u>	<u>2002</u>
Balance, beginning of the year	\$ 10,574,598	\$ 10,504,424
Net increase for the year	<u>551,857</u>	<u>70,174</u>
Balance, end of the year	<u>\$ 11,126,455</u>	<u>\$ 10,574,598</u>

b.) Summer Pay

Pursuant to a directive issued by the Department of Education during the current fiscal year, the Board recorded summer pay for teachers in the Board. The Schools Act specifies that salaries and other compensation for teachers are the responsibility of the Department. The summer pay liability amounts have been paid by the Department of Education subsequent to year end, however, the Department of Education has issued a directive that no receivable shall be recorded by the school board. The balance of the summer pay liability for the year ended June 30, 2003 is as follows:

	<u>2003</u>	<u>2002</u>
Balance, end of year.	<u>\$ 6,215,863</u>	<u>\$ 5,933,770</u>

Avalon West School Board
Notes to the Financial Statements

For the Year Ended June 30, 2003

3. Accounts Receivable

Current	<u>2003</u>	<u>2002</u>
11 131 Provincial Government	\$ 494,767	\$ 11,717
132 Transportation	63,199	251,232
133 Federal Government	75,058	
136 Other School Boards		
137 Rent		
138 Interest	3,042	4,142
139 Travel Advances and Misc.	38,165	8,851
140 Goods and Service Tax Rebate	203,782	206,526
Capital		
11 231 Provincial Govt -Construction Grants		39,523
233 Local Contributions		
234 Other School Boards		
235 Other - Note 10		
	<u>\$ 878,013</u>	<u>\$ 521,991</u>

4. Bank Indebtedness

	<u>2003</u>	<u>2002</u>
21 131 On Operating Credit	\$	\$
132 On Capital Account		
	<u>\$</u>	<u>\$</u>

5. Accounts Payable and Accrued Liabilities

Current	<u>2003</u>	<u>2002</u>
21 111 Trade Payable	\$ 1,023,666	\$ 894,381
Accrued		
114 Wages	146,075	237,598
115 Payroll Deductions	35,763	23,026
118 Other - Scholarship Trust Funds	85,089	85,089
Capital		
Accrued		
212 Liabilities	5,000	5,000
213 Interest		
217 Deferred Grants	291,861	290,841
218 Other		
	<u>\$ 1,587,454</u>	<u>\$ 1,535,935</u>

Avalon West School Board
Notes to the Financial Statements

For the Year Ended June 30, 2003

6. Reserve Account

	<u>2003</u>	<u>2002</u>
Balance, Beginning of Period	\$ 66,526	\$ 29,068
Less Transfer from Reserve		
	<u>66,526</u>	<u>29,068</u>
Add Transfer to Reserve	<u>42,498</u>	<u>37,458</u>
Balance, End of Period	\$ <u>109,024</u>	\$ <u>66,526</u>

7. Investment in Capital Assets

	<u>2003</u>	<u>2002</u>
Investment in Capital Assets, Beginning of the year	\$ 86,758,316	\$ 81,143,618
Add:		
Transfer of Operating Funds to Capital Fund	1,122,444	383,466
Grants - Contributions for Capital Const.	2,000,583	6,351,669
Proceeds from Sale of Capital Assets	9,500	
Interest on Capital Fund Investments		
Recoveries of Expenditures		
Insurance Proceeds - Capital		
Native Peoples Grants - Capital		
Miscellaneous		
School contributions		
	<u>89,890,843</u>	<u>87,878,753</u>
Deduct Adjustments:		
Cost of assets disposed	117,147	1,120,437
Other		
Government of Newfoundland and Labrador adjustments		
Adjustment to carrying value of certain fixed assets		
	<u>117,147</u>	<u>1,120,437</u>
23 221 Investment in Capital Assets, End of the year	\$ <u>89,773,696</u>	\$ <u>86,758,316</u>

Avalon West School Board
Notes to the Financial Statements

For the Year Ended June 30, 2003

8. Lease Commitments

The Board is committed under the terms of various operating leases to make payments in the next five years approximately as follows:

2004	\$	140,919
2005	\$	96,088
2006	\$	85,880
2007	\$	49,662
2008	\$	1,826

9. Insurance Subsidy

The cost of insuring school properties is borne by the Provincial Government and no amount has been recorded in these accounts to reflect this cost.

10. Economic Dependence

The organization is dependant solely on the Provincial Department of Education for operating funds.

11. Bank Indebtedness

The School Board has a two million dollar overdraft limit. The Government of Newfoundland and Labrador provided a Board of Trustees authorization and written permission to borrow from the Bank of Montreal.

Avalon West School Board
Schedule 1
Current Revenues

For the Year Ended June 30, 2003 2002

Current Revenues

32 010 Provincial Government Grants

011 Regular Operating Grants	\$ 8,464,598	\$ 8,320,000
016 Special Grants	862,484	563,693
Salaries and Benefits		
017 Superintendent and Asst. Supts.	338,664	418,166
021 Regular Teachers	47,217,149	45,884,081
022 Substitute Teachers	2,187,825	1,935,762
023 Student Assistants	1,364,635	1,264,565
031 Board Owned		
032 Contracted	3,537,057	3,465,908
033 Handicapped	476,172	428,897

64,448,584 62,281,072

33 010 Donations

012 Cash Receipts		
013 Non Cash Receipts		
014 Restricted Use		

34 010 Ancillary Services

011 Revenues from Rental of Residences		
021 Revenues from Rental of Schools and Facilities (Net)		
031 Cafeterias		
032 Other		

35 010 Miscellaneous

011 Interest on Investments	21,462	22,198
012 Bus Charters		
021 Recoveries of Expenditures	153,584	1,603
031 Revenues from Other School Boards		
051 Insurance Proceeds	4,757	2,392
071 Operating Rev. from Native Peoples Grant		
081 Miscellaneous Federal Grants:		
- Special Projects	275,480	427,925
082 Education Foundation		
083 Summer School		
085 Computers for Schools		
091 Textbooks	160,702	123,707
092 Sundry	117,614	183,132

733,599 760,957

Total Current Revenues

\$ 65,182,183 \$ 63,042,029

See accompanying notes to financial statements.

Avalon West School Board
Schedule 2
Administration Expenditures

For the Year Ended June 30,	2003	2002
51 Salaries and Benefits		
011 Superintendents and Assistant Superintendents	\$ 300,391	\$ 367,420
012 Board Office Personnel	584,696	681,161
013 Office Supplies	39,680	41,264
014 Replacement Furniture and Equipment		9,026
015 Postage		1,477
016 Telephone	51,974	54,079
017 Office Equipment Rentals and Repairs	365	2,336
018 Bank Charges		
019 Electricity	39,154	33,868
021 Fuel	3,159	3,639
022 Insurance	1,363	
023 Repairs and Maintenance (Office Building)	6,665	10,676
024 Travel	117,701	116,371
025 Board Meeting Expenses	26,269	23,618
026 Election Expenses		40,898
027 Professional Fees	56,302	55,890
028 Advertising	33,910	34,722
029 Membership Dues	56,289	56,039
031 Municipal Service Fees	3,483	3,326
032 Rental of Office Space		
033 Relocation Expenses		
034 Miscellaneous	4,525	5,016
035 Payroll Tax	11,276	14,293
Total Administration Expenditures	\$ <u>1,337,202</u>	\$ <u>1,555,119</u>

See accompanying notes to financial statements.

**Avalon West School Board
Schedule 3
Instruction Expenditures**

For the Year Ended June 30,	2003	2002
52 10 Instructional Salaries (Gross)		
Teachers' Salaries		
11 Regular	\$ 39,537,759	\$ 38,487,344
12 Substitute	1,823,949	1,623,708
13 Board Paid	87,723	95,502
Summer School	34,863	37,314
Student Assistants	1,134,538	1,060,711
Teachers' Severance	551,857	70,174
15 Employee Benefits	7,767,372	7,150,458
IT Salaries and Benefits	193,759	134,278
16 School Secretaries - Salaries & Benefits	937,153	750,371
17 Payroll Tax	861,834	845,144
18 Other - Co-operative Education	<u>177,012</u>	<u>334,250</u>
	<u>53,107,819</u>	<u>50,589,254</u>
52 40 Instructional Materials		
41 General Supplies	6,676	5,129
42 Library Resource Materials	9,298	9,966
43 Teaching Aids	749,147	692,861
44 Textbooks	165,975	120,784
45 Other - Special and Regional Services		
	<u>931,096</u>	<u>828,740</u>
52 60 Instructional Furniture and Equipment		
61 Replacement	173,569	34,906
62 Rentals and Repairs		
	<u>173,569</u>	<u>34,906</u>
52 80 Instructional Staff Travel		
80 IT Travel	21,242	21,231
81 Program Co-ordinators	66,482	59,041
82 Teachers' Travel	16,175	14,699
83 Inservice and Conferences	<u>138,314</u>	<u>126,647</u>
	<u>242,213</u>	<u>221,618</u>
52 90 Other Instructional Costs		
91 Postage and Stationary	8	3,940
Total Instruction Expenditures	\$ <u>54,454,705</u>	\$ <u>51,678,458</u>

See accompanying notes to financial statements.

Avalon West School Board
Schedule 4
Operations and Maintenance Expenditures - Schools

For the Year Ended June 30, 2003 2002

53

012 Salaries and Benefits	\$ 2,330,911	\$ 2,136,914
013 Payroll Tax	46,271	43,700
014 Electricity	1,272,886	1,191,155
015 Fuel	129,718	102,965
016 Municipal Service Fee	175,030	201,413
017 Telephone	314,455	306,428
018 Vehicle Operating and Travel	41,608	44,641
019 Janitorial Supplies	128,208	118,572
021 Janitorial Equipment	21,534	467
022 Repairs and Maintenance - Buildings	588,543	715,802
023 Equipment		6,326
025 Snow Clearing	219,984	128,708
026 Rentals	15,222	
027 Other (Miscellaneous)	<u>5,519</u>	<u>4,743</u>
Total Operations and Maintenance	\$ <u>5,289,889</u>	\$ <u>5,001,834</u>

See accompanying notes to financial statements.

**BYRON
SMITH**
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

Avalon West School Board
Schedule 5
Pupil Transportation Expenditures

For the Year Ended June 30,	2003	2002
54 010 Operation and Maintenance of Board Owned Fleet		
Salaries and Benefits		
011 Administration	\$ 27,521	\$ 57,566
012 Drivers and Mechanics		
013 Payroll Tax		
014 Debt Repayment- Interest		
015 Principal		
016 Bank Charges		
017 Gas and Oil		
018 Licenses		
019 Insurance		
021 Repairs and Maintenance - Fleet		
022 Building		
023 Tires and Tubes		
024 Heat and Light		
025 Municipal Service		
026 Snow Clearing		
027 Office Supplies		
028 Rent		
029 Travel	1,681	6,326
031 Professional Fees		
032 Miscellaneous		
033 Telephone		
034 Vehicle Leases		
	<u>29,202</u>	<u>63,892</u>
54 040 Contracted Services		
041 Regular Transportation	3,509,832	3,438,408
042 Handicapped	<u>476,172</u>	<u>428,897</u>
	<u>3,986,004</u>	<u>3,867,305</u>
 Pupil Transportation Expenditures	 \$ <u>4,015,206</u>	 \$ <u>3,931,197</u>

See accompanying notes to financial statements.

Avalon West School Board
Schedule 6
Ancillary Services and Miscellaneous Expenses

For the Year Ended June 30,	2003	2002
-----------------------------	------	------

Ancillary Services

The Board owns and operates the following ancillary services:

55 Ancillary Services

011 Operation of Teachers' Residences

031 Cafeterias

032 Other - Vehicle Operating

\$ 4,767	\$ 5,152
----------	----------

\$ 4,767	\$ 5,152
----------	----------

Miscellaneous Expenses

The Board has incurred the following miscellaneous expenses:

57 011 Miscellaneous Expenses

\$ _____	\$ _____
----------	----------

See accompanying notes to financial statements.

Avalon West School Board
Schedule 7
Details of Property and Equipment

For the Year Ended June 30,

	Balance June 30, 2002	Additions	Disposals	Accumulated Amortization	Balance June 30, 2003
12 210 Land and Sites					
211 Land and Sites	\$ 1,391,406	\$ 50,794	\$	\$	\$ 1,442,200
12 220 Buildings					
221 Schools	74,057,784	2,642,943			76,700,727
222 Administration	883,343				883,343
223 Residential					
224 Recreational					
225 Other					
	<u>74,941,127</u>	<u>2,642,943</u>			<u>77,584,070</u>
12 230 Furniture and Equip.					
231 Schools	10,156,711	323,476			10,480,187
232 Administration	1,546,348	1,000			1,547,348
233 Residential					
234 Recreation					
235 Other					
	<u>11,703,059</u>	<u>324,476</u>			<u>12,027,535</u>
12 240 Vehicles					
241 Service Vehicles	<u>117,118</u>	<u>95,375</u>	<u>117,118</u>		<u>95,375</u>
12 250 Pupil Transportation					
251 Land					
252 Building					
Vehicles					
253 Buses					
254 Service					
255 Equipment					
256 Other					
12 260 Misc. Capital Assets					
Other					
261 Energy retrofit					
Total Property and Equipment	<u>\$ 88,152,710</u>	<u>\$ 3,113,588</u>	<u>\$ 117,118</u>	<u>\$</u>	<u>\$ 91,149,180</u>

See accompanying notes to financial statements.

Avalon West School Board
Schedule 8
Details of Long Term Debt

For the Year Ended June 30,	2003	2002
Ref. #		
211 Bank Loans		
Repayable \$ <u>16,814</u> monthly, maturing <u>July, 2007</u>	\$ 1,252,547	\$ 1,365,507
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Total 211	<u>1,252,547</u>	<u>1,365,507</u>
212 Mortgages		
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Total 212		
213 Debentures		
Repayable \$ <u>5,288</u> monthly, maturing <u>December, 2003</u>		28,886
Repayable \$ <u>3,967</u> monthly, maturing <u>November, 2005</u>	<u>122,937</u>	
Total 213	<u>122,937</u>	<u>28,886</u>
Subtotal	<u>1,375,484</u>	<u>1,394,393</u>
215 Less Current Maturities	<u>153,750</u>	<u>139,498</u>
Total Loans Other Than Pupil Transportation	<u>\$ 1,221,734</u>	<u>\$ 1,254,895</u>

The above bank loan represents financing for energy renovations made to various schools by Honeywell.

The above debenture represents capital lease obligations for 39 laptop computers made with IBM Canada, repayable at the rate of \$3,967 including HST, maturing December 2005.

See accompanying notes to financial statements.

Avalon West School Board
Schedule 8 (Cont'd)
Details of Long Term Debt

For the Year Ended June 30,

2003

2002

22 220 Loans - Pupil Transportation

Ref. #

221 Vehicle Bank Loans

Repayable \$	_____	monthly, maturing	_____		
Repayable \$	_____	monthly, maturing	_____		
Repayable \$	_____	monthly, maturing	_____		
Repayable \$	_____	monthly, maturing	_____		
Repayable \$	_____	monthly, maturing	_____		
Repayable \$	_____	monthly, maturing	_____		
Repayable \$	_____	monthly, maturing	_____		
Repayable \$	_____	monthly, maturing	_____		
Repayable \$	_____	monthly, maturing	_____		
Repayable \$	_____	monthly, maturing	_____		
Repayable \$	_____	monthly, maturing	_____		
Repayable \$	_____	monthly, maturing	_____		
Repayable \$	_____	monthly, maturing	_____		
Repayable \$	_____	monthly, maturing	_____		
Repayable \$	_____	monthly, maturing	_____		

Total 221

222 Land, Buildings and Equipment Bank Loans

Repayable \$	_____	monthly, maturing	_____		
Repayable \$	_____	monthly, maturing	_____		
Repayable \$	_____	monthly, maturing	_____		
Repayable \$	_____	monthly, maturing	_____		
Repayable \$	_____	monthly, maturing	_____		

Total 222

223 Less Current Maturities

Total Loans - Pupil Transportation

Total Long Term Debt

\$ 1,221,734

\$ 1,254,895

See accompanying notes to financial statements.

Avalon West School Board
Schedule 8A
Summary of Long Term Debt

For the Year Ended June 30,

Description	Rate	Balance Beginning of Period	Loans Obtained During Period	Principal Repayment for Period	Balance End of Period
A) School Construction	6.8%	\$ 1,365,507		\$ 112,960	\$ 1,252,547
B) Equipment		28,886	\$ 144,126	50,075	122,937
C) Service Vehicles					
D) Other					
E) Pupil					
Transportation					
Total Loans		\$ 1,394,393	\$ 144,126	\$ 163,035	\$ 1,375,484

See accompanying notes to financial statements.

Avalon West School Board
Schedule 8B
Schedule of Current Maturities

For the Year Ended June 30,

Description	Year 1	Year 2	Year 3	Year 4	Year 5
A) School Construction	\$ 119,620	\$ 128,013	\$ 136,994	\$ 146,606	\$ 12,672
B) Equipment	34,130	36,900	36,465		
C) Service Vehicles					
D) Other					
E) Pupil					
Transportation					
Total Loans	\$ <u>153,750</u>	\$ <u>164,913</u>	\$ <u>173,459</u>	\$ <u>146,606</u>	\$ <u>12,672</u>

See accompanying notes to financial statements.

Avalon West School Board
Schedule 8C
Schedule of Interest Expense

For the Year Ended June 30,	2003	2002
56 010		
Description		
012 Capital		
School Construction		
Equipment	\$ 5,503	\$ 3,414
Service Vehicles		
Other		
Energy Management	<u>88,808</u>	<u>97,132</u>
Total Capital	<u>94,311</u>	<u>100,546</u>
Current		
013 Operating Loans		74
014 Supplier Interest		
Charges	<u>3,353</u>	<u>1,902</u>
Total Current	<u>3,353</u>	<u>1,976</u>
Total Interest Expense	\$ <u>97,664</u>	\$ <u>102,522</u>

See accompanying notes to financial statements.

Avalon West School Board
Supplementary Information

For the Year Ended June 30,

2003

2002

1. Cash

Current

11 110 Cash on Hand and in Bank

111 Cash on Hand

\$ 200 \$ 200

Bank

112 Current

282,565 784,056

113 Savings

114 Teachers' Payroll

28,056 28,056

115 Non Teachers' Payroll

(15,431) 11,352

116 Executive Payroll

(7,248) 297

117 Other - Funds

85,089 85,089

373,231 909,050

Capital

11 210 Cash on Hand and in Bank

211 Cash on Hand

Bank

212 Current

213 Savings

214 Other

Total Cash on Hand and in Bank

\$ 373,231 \$ 909,050

2. Short Term Investments

Current

11 121 Term Deposits

\$ 63,279 \$ 62,821

122 Canada Savings Bonds

123 Other

Capital

11 221 Term Deposits

222 Canada Savings Bonds

223 Other

Total Short Term Investments

\$ 63,279 \$ 62,821

See accompanying notes to financial statements.

Avalon West School Board
Supplementary Information

For the Year Ended June 30,

2003

2002

3. Prepaid Expenses

Current

11 141 Insurance	\$ 6,077	\$ 4,805
142 Municipal Service Fees	81,026	66,223
143 Supplies		
144 Other		
Equipment Lease		
Workers' Compensation Commission	87,903	78,300
Garbage Collection		
Vehicle Insurance		
Other	24,163	16,525

Capital

11 241 Other		
	<u>\$ 199,169</u>	<u>\$ 165,853</u>

See accompanying notes to financial statements.

Baie Verte Central Connaigre School District #5

Financial Statements/Auditor's Report

June 30, 2003

Blair J. Jewer
Chartered Accountant

2A Bank Road
P.O. Box 471
Grand Falls-Windsor, NL
A2A 2J9
Tel: (709) 489 - 7755
Fax: (709) 489 - 8646

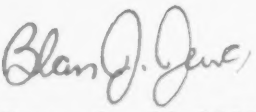
Auditor's Report

To The Members of the Board
Baie Verte Central Connaigre School District #5

I have audited the balance sheet of the current and capital funds of The Baie Verte Central Connaigre School District #5 as at June 30, 2003, and the related statements of current revenues, expenditures and Board deficit, and statement of changes in capital fund position for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2003 and the results of its operations and changes in its capital financial position for the year then ended in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.


September 30, 2003

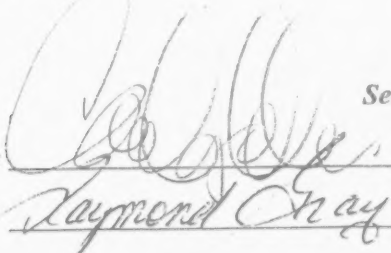
Baie Verte Central Connaigre School District #5

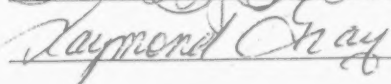
Balance Sheet

June 30, 2003

	<u>2003</u>	<u>2002</u>
Assets		
Current Assets		
Cash (Supp. Info. 1)	\$ 40,133	\$ 210,679
Short Term Investments (Supp. Info. 2)	-	-
Accounts Receivable (Note 2)	425,566	718,192
Prepaid Expenses (Supp. Info. 3)	122,305	80,344
Total Current Assets	<u>588,004</u>	<u>1,009,215</u>
Restricted cash - scholarship contributions	271,728	-
Property and Equipment (Sch. 8)	<u>73,167,175</u>	<u>72,554,510</u>
	<u>\$ 74,026,907</u>	<u>\$ 73,563,725</u>
Liabilities and Board Equity		
Current Liabilities		
Bank Indebtedness (Note 3)	\$ 126,440	\$ -
Accounts Payable and Accrued (Note 4)	6,516,170	579,519
Current Maturities (Schedule 9B)	220,140	170,334
Total Current Liabilities	<u>6,862,750</u>	<u>749,853</u>
Scholarship contributions	273,981	-
Long-Term Debt (Schedule 9)	<u>1,373,463</u>	<u>1,169,891</u>
Accrued Support Staff Severance	965,817	891,315
Accrued Teachers Severance	<u>9,823,055</u>	<u>9,767,122</u>
Board Equity		
Investment in Capital Assets (Note 6)	71,553,746	71,194,459
Reserve Account (Note 5)	-	-
Board Deficit	(16,825,905)	(10,208,915)
Total Board Equity	<u>54,727,841</u>	<u>60,985,544</u>
	<u>\$ 74,026,907</u>	<u>\$ 73,563,725</u>

See Accompanying Notes

Approved:  Chairman

 Secretary

Blair J. Jewer
Chartered Accountant

Baie Verte Central Connaigre School District #5

Statement of Current Revenues, Expenditures and Board Deficit

For The Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
Current Revenue (Schedule 1)		
Provincial Government Grants	\$ 56,457,719	\$ 54,282,262
Donations	-	500
Ancillary Services	68,562	13,183
Miscellaneous	475,707	701,874
	<u>57,001,988</u>	<u>54,997,819</u>
Current Expenditures		
Administration (Schedule 2)	1,571,028	1,426,329
Instruction (Schedule 3)	47,510,813	45,086,816
Operations and Maintenance (Schedule 4)	5,449,541	5,253,842
Pupil Transportation (Schedule 5)	3,331,145	2,986,663
Ancillary Services (Schedule 6)	67,651	49,465
Interest Expense (Schedule 9C)	1,287	1,711
Miscellaneous Expense (Schedule 7)	-	-
	<u>57,931,465</u>	<u>54,804,826</u>
23 111 Excess of Revenue over Expenditures	(929,477)	192,993
Transfer (to) from Capital	(672,952)	(577,007)
Net Increase (Decrease) in Board Equity	(1,602,429)	(384,014)
Prior period adjustments		
Pupil transportation deficit grant 2001 - 02	131,832	-
Summary pay liability - June 20, 2002	(5,146,393)	-
Board Deficit, Beginning of Year	(10,208,915)	(9,824,901)
Board Deficit, End of Year	<u>\$(16,825,905)</u>	<u>\$(10,208,915)</u>

See Accompanying Notes

Baie Verte Central Connaigre School District #5

Statement of Changes in Capital Fund

For The Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
70 Capital Receipts		
71 Proceeds from Bank Loans		
011- School Construction	\$ -	\$ -
012- Equipment	-	-
013- Service Vehicles	34,581	106,726
014- Pupil Transportation	426,546	-
015- Other (Specify)	-	-
	<u>461,127</u>	<u>106,726</u>
72 Education Investment Corporation		
011- School Construction and /Equipment	17,357	122,162
012- Other (Specify) - Difference in 2002 receivable	(21,183)	-
	<u>(3,826)</u>	<u>122,162</u>
73 Donations		
011- Cash Receipts	-	-
012- Non-Cash Receipts	-	-
013- Restricted Use	-	-
	<u>-</u>	<u>-</u>
74 Sale of Capital Assets - Proceeds		
011- Land	-	-
012- Buildings	-	-
013- Equipment	-	-
014- Service Vehicles	-	1,350
015- Pupil Transportation Vehicles	925	4,448
016- Other (Specify)- Administration building	175,000	-
- Teachers residence	1,752	-
	<u>177,677</u>	<u>5,798</u>
75 Other Capital Revenues		
011- Interest on Capital Fund Investments	-	-
012- Premiums on Debentures	-	-
013- Recoveries of Expenditures	-	27,024
015- Insurance Proceeds	-	-
016- Native Peoples Grants	-	-
017- Miscellaneous - HRD Grant	-	-
Government of Newfoundland & Labrador Grant	-	-
- Pupil Transportation	-	-
- Debt Reduction	-	-
- Computers	-	-
	<u>-</u>	<u>27,024</u>
Total Capital Receipts	<u>634,978</u>	<u>261,710</u>
77 Transfer from (to) Reserve Account	-	-
	<u>634,978</u>	<u>261,710</u>
78 Transfer from Current Fund	672,952	577,007
	<u>672,952</u>	<u>577,007</u>
Total	<u>\$ 1,307,930</u>	<u>\$ 838,717</u>

Baie Verte Central Connaigre School District #5

Statement of Changes in Capital Fund (Cont'd)

For The Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
80 Capital Disbursements		
81 Additions to Property & Equipment		
011- Land and Sites	\$ 51,042	\$ 39,311
012- Buildings	324,844	378,620
013- Furniture & Equipment - School	275,441	266,553
014- Furniture & Equipment - Other	7,662	22,375
015- Service Vehicles	32,969	101,021
016- Pupil Transportation	394,260	-
017- Other (Specify) - Pupil transportation service vehicle	30,686	-
- Administration building	164,272	-
	<u>1,281,176</u>	<u>807,880</u>
82 Principal Repayment of Long Term Debt		
011- School Construction	-	-
012- Equipment	-	-
013- Service Vehicles	26,754	30,837
014- Other - Residential, etc	-	-
	<u>26,754</u>	<u>30,837</u>
83 Miscellaneous Disbursements		
013- Other (Specify)	-	-
Total Capital Disbursements	<u>\$ 1,307,930</u>	<u>\$ 838,717</u>

See Accompanying Notes

Baie Verte Central Connaigre School District #5

Notes To Financial Statements

For The Year Ended June 30, 2003

1. Significant Accounting Policies:

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Boards to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting is as follows:

(a) Grants received by the Board are recorded in either the current or capital funds depending on their source.

(b) Capital asset additions are recorded at full cost in the capital fund.

(c) The Board does not calculate or record depreciation on any of its capital assets.

(d) Principal Repayment of Pupil Transportation Loans are recorded as Current Expenditures. All other principal repayment of bank loans are recorded as Capital Expenditures.

(e) The liability for severance pay of teachers and support staff is accrued in the accounts as the employee earns the right to such benefits in accordance with union agreements.

Baie Verte Central Connaigre School District #5

Notes To The Financial Statements

For The Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
2. Accounts Receivable		
<i>Current</i>		
11131 Provincial Government	\$ 35,664	\$ 53,741
132 Transportation	-	-
133 Federal Government	178,812	344,633
136 Other School Boards	-	-
137 Rent	-	-
138 Interest	-	-
139 Travel Advances and Misc.	211,090	197,656
<i>Capital</i>		
11231 Construction Grants	-	122,162
233 Local Contributions	-	-
234 Other School Boards	-	-
235 Other (Specify)	-	-
	<u>\$ 425,566</u>	<u>\$ 718,192</u>
3. Bank Indebtedness		
21131 On Operating Credit	\$ 126,440	\$ -
132 On Capital Account	-	-
	<u>\$ 126,440</u>	<u>\$ -</u>

Baie Verte Central Connaigre School District #5

Notes To The Financial Statements

For The Year Ended June 30, 2003

		<u>2003</u>	<u>2002</u>
<i>4. Accounts Payable and Accrued</i>			
<i>Current</i>			
21111	Trade Payable	\$ 325,524	\$ 433,326
112	Accrued - Liabilities	-	-
113	- Interest	-	-
114	- Wages	-	-
115	Payroll Deductions	63,643	50,466
116	Retail Sales Tax	-	-
117	Deferred Grants	61,460	9,392
118	Other (Specify)		
	Accrued Teachers Summer Pay	5,499,370	-
	Accrued Support Staff - Vacation Pay	163,937	86,335
<i>Capital</i>			
21211	Trade Payable	-	-
212	Accrued - Liabilities	-	-
213	- Interest	-	-
217	Deferred Grants	-	-
218	Other (Specify) - Deferred transportation loan proceeds	402,236	-
		<u>\$ 6,516,170</u>	<u>\$ 579,519</u>

Baie Verte Central Connaigre School District #5

Notes To The Financial Statements

For The Year Ended June 30, 2003

2003

2002

5. Reserve Account

Balance, Beginning of Year
Less: Transfer from Reserve

\$	-	\$	-
	-		-
	-		-
	-		-
\$	-	\$	-

Add: Transfer to Reserve

Balance, End of Year

Baie Verte Central Connaigre School District #5

Notes To The Financial Statements

For The Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
6. <i>Investment in Capital Assets,</i>		
<i>beginning of year</i>	\$ 71,194,459	\$ 71,039,985
<i>Add:</i>		
<i>Pupil transportation principal loan payments</i>	180,994	137,166
<i>Transfer of Operating Funds to Capital Fund</i>	672,952	577,007
<i>Donations - (Specify)</i>		
<i>Proceeds from Sale of Capital Assets</i>		
<i>- Land</i>	-	-
<i>- Buildings</i>	-	-
<i>- Equipment</i>	-	-
<i>- Vehicles</i>	177,677	5,798
<i>- Other</i>	-	-
<i>Interest on Capital Fund Investments</i>	-	-
<i>Recoveries of Expenditures</i>	-	27,024
<i>Insurance Proceeds - Capital</i>	-	-
<i>Native Peoples Grants - Capital</i>	-	-
<i>Miscellaneous</i>	-	-
<i>Transfer from reserve</i>	-	-
<i>Education Investment Corporation Grant</i>	(3,826)	122,162
	<u>72,222,256</u>	<u>71,909,142</u>
<i>Deduct Adjustments:</i>		
<i>Transfer to reserve</i>	-	-
<i>Cost of assets sold - Land</i>	-	-
<i>- School buildings</i>	-	714,683
<i>- Equipment</i>	-	-
<i>- Pupil transportation vehicles</i>	285,151	-
<i>- Other - Administration buildings</i>	383,359	-
	<u>668,510</u>	<u>714,683</u>
<i>Other - Transfer of Capital Funds to</i>		
<i>Operating Fund</i>	-	-
23221 <i>Investment in Capital Assets, end of year</i>	<u>\$ 71,553,746</u>	<u>\$ 71,194,459</u>

Baie Verte Central Connaigre School District #5

Notes To The Financial Statements

For The Year Ended June 30, 2003

7. Commitments:

At balance sheet date the District had the following commitments:

The District has committed to the purchase of new school buses at a cost of \$402,236 and has received government approval to borrow. Delivery of and payment for the buses occurred subsequent to year end. Loan proceeds were drawn down prior to year end in error but have been reflected in the financial statements as deferred revenue.

8. Other (Please specify)

- 1. Land and sites of the predecessor Pentecostal, Roman Catholic and Seven Day Adventist Boards on which buildings are erected remain vested in the respective churches of Newfoundland.*
- 2. Land and school buildings constructed by the Education Investment Corporation are conveyed to the District upon completion. The cost of additions are not reflected in the financial statements of the District during construction or upon completion.*
- 3. In accordance with the Auditor General's observations in the Auditor General's Report of March 1996, the School Districts are required to record on their financial statements an accrued liability for severance pay for teachers. It is normal procedure for the Department of Education to fully fund this liability as it comes due. The Department of Education has directed that no corresponding asset entry be recorded to offset the liability for accrued teacher's severance.*
- 4. Teachers' contracts cover the period from September to June. It is common practice however for teachers to receive their remuneration over a twelve month period from September to August versus September to June. Commencing in 2003 the Department of Education has directed School Districts to accrue the liability for teacher's payroll technically due at June 30 but actually paid during July and August. It is the normal procedure for the Department of Education to fully fund this payroll upon payment to the teachers. The Department of Education has directed that no corresponding asset entry be recorded to offset the liability for accrued teacher's summer pay. As of the Audit Report date the liability has been fully paid and fully funded by the Department.*

Baie Verte Central Connaigre School District #5

Current Revenues

For The Year Ended June 30, 2003

		<u>2003</u>	<u>2002</u>
Current Revenues			
32010	Provincial Government Grants		
011	Regular Operating Grants	\$ 8,018,700	\$ 7,810,700
016	Special Grants (Details on bottom of Schedule 1)	336,619	54,587
	Salaries and Benefits		
017	- Director and Asst. Director	283,112	380,074
021	- Regular Teachers	41,826,682	40,523,527
022	- Substitute Teachers	1,648,655	1,507,495
023	- Student Assistants	1,160,670	1,078,471
030	Pupil Transportation		
031	- Board Owned	2,287,868	1,992,490
032	- Contracted	833,579	843,361
033	- Handicapped	61,834	91,557
034	- Other	-	-
		<u>56,457,719</u>	<u>54,282,262</u>
33010	Donations		
012	Cash receipts	-	500
013	Non Cash Receipts	-	-
014	Restricted Use	-	-
		<u>-</u>	<u>500</u>

Baie Verte Central Connaigre School District #5

Current Revenues

For The Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
34010 Ancillary Services		
011 Revenues from Rental of Residences	\$ 4,750	\$ 5,000
021 Revenues from Rental of Schools and Facilities (Net)	-	-
031 Cafeterias	63,812	8,183
	<u>68,562</u>	<u>13,183</u>
35010 Miscellaneous		
011 Interest on Investments	14,120	32,661
012 Bus Charters	34,227	41,090
021 Recoveries of Expenditures	220,727	166,747
051 Insurance Proceeds	38,096	317,282
081 Miscellaneous Federal Grants	7,661	4,325
091 Textbooks	160,876	139,769
	<u>475,707</u>	<u>701,874</u>
Total Current Revenues	<u>\$ 57,001,988</u>	<u>\$ 54,997,819</u>
Special Grants		
Other (Specify)		
- Early intervention	\$ 5,000	\$ -
- Bottled water	24,549	40,155
- Election expenses	-	33,652
- French monitor	15,520	24,402
- French materials	-	1,595
- French immersion	10,416	-
- Alternate Text	-	988
- 8% Administration	15,253	13,881
- CDLI Equipment	8,147	-
- Computer tables	10,800	-
- Diverse learners	6,082	-
- Salary increases / pay equity	57,369	47,709
- School utilities 2001 / 2002	108,900	-
- School utilities 2000 / 2001	-	101,473
- Human Resources and Employment	37,470	48,922
- Tutoring for tuition	11,544	5,000
- Newfoundland & Labrador School Trustees Association - REDAS Program	5,712	1,600
- Kinderstart	7,400	-
- Memorial University of Newfoundland - Internship Program	3,000	4,500
- Used book administration	360	477
- Negotiation expenses	-	7,896
- Net savings - strike - April 2001	-	(21,000)
- Net savings - strike - September / October 2001	-	(314,347)
- Computers	-	51,284
- Youth work experience	3,600	3,600
- Core french	5,497	2,000
- Summer student	-	800
	<u>\$ 336,619</u>	<u>\$ 54,587</u>

*Baie Verte Central Connaisse School District #5**Administration Expenditures**For The Year Ended June 30, 2003*

	<u>2003</u>	<u>2002</u>
51000 Administration		
011 Salaries and Benefits - Directors and assistants	\$ 480,307	\$ 509,435
012 - Board office	567,546	462,126
013 Office Supplies	52,109	40,995
014 Replacement Furniture and Equipment	4,577	6,072
015 Postage	26,195	22,028
016 Telephone	41,905	44,055
017 Office Equipment Rentals and Repairs	17,074	26,978
018 Bank Charges	4,552	2,238
019 Electricity	49,641	32,130
021 Fuel	-	-
022 Insurance	5,287	-
023 Repairs and Maintenance - Office Building	66,110	16,075
024 Travel	60,882	63,493
025 Board Meeting Expenses	64,339	44,304
026 Election Expenses	16	32,540
027 Professional Fees	27,478	24,322
028 Advertising	27,645	33,886
029 Membership Dues	41,480	42,203
031 Municipal Service Fees	8,490	6,187
032 Rental of Office Space	-	25
033 Relocation Expenses	-	-
034 Miscellaneous	12,966	7,492
035 Payroll Tax	12,429	9,745
Total Administration Expenditures	\$ 1,571,028	\$ 1,426,329

Baie Verte Central Connaigre School District #5

Instruction Expenditures

For The Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
52010 Instructional Salaries (Gross)		
011 Teachers' Salaries - Regular	\$ 41,132,202	\$ 39,842,091
012 - Substitute	1,580,676	1,455,906
013 - Board Paid and Student Assistants	1,415,346	1,140,021
014 Augmentation	-	-
015 Employee Benefits	-	6,915
016 School Secretaries - Salaries and Benefits	898,281	736,812
017 Payroll Tax	710,347	693,702
018 Other (Specify)		
Increase (decrease) in Teacher's Severance Accrual	55,933	(37,124)
Increase in Teacher's Summer Pay Accrual	352,977	-
	<u>46,145,762</u>	<u>43,838,323</u>
52040 Instructional Materials		
041 General Supplies	398,849	306,137
042 Library Resource Materials	32,837	42,812
043 Teaching Aids	322,166	335,456
044 Textbooks	145,336	113,311
	<u>899,188</u>	<u>797,716</u>
52060 Instructional Furniture and Equipment		
061 Replacement	44,970	132,178
062 Rentals and Repairs	30,446	18,700
	<u>75,416</u>	<u>150,878</u>
52080 Instructional Staff Travel		
081 Program Co-ordinators	72,694	41,057
082 Teachers' Travel	197,653	158,164
083 In service and Conferences	63,095	48,049
	<u>333,442</u>	<u>247,270</u>
52090 Other Instructional Costs		
091 Postage and Stationery	5,625	3,465
092 Miscellaneous	51,380	49,164
	<u>57,005</u>	<u>52,629</u>
Total Instruction Expenditures	<u>\$ 47,510,813</u>	<u>\$ 45,086,816</u>

*Baie Verte Central Connaigre School District #5**Operations and Maintenance Expenditures - Schools**For The Year Ended June 30, 2003*

	<u>2003</u>	<u>2002</u>
53000 <i>Operations and Maintenance</i>		
011 <i>Salaries and Benefits - Janitorial</i>	\$ 1,283,723	\$ 1,160,464
012 <i>- Maintenance</i>	825,022	615,805
013 <i>Payroll Tax</i>	28,660	27,792
014 <i>Electricity</i>	1,391,246	1,398,606
015 <i>Fuel</i>	301,139	210,896
016 <i>Municipal Service Fee</i>	50,033	46,351
017 <i>Telephone</i>	226,754	222,383
018 <i>Vehicle Operating and Travel</i>	91,715	55,038
019 <i>Janitorial Supplies</i>	102,414	81,964
021 <i>Janitorial Equipment</i>	15,770	9,823
022 <i>Repairs and Maintenance - Buildings</i>	624,278	1,005,922
023 <i>- Equipment</i>	-	178
024 <i>Contracted Services - Janitorial</i>	274,811	273,876
025 <i>Snow Clearing</i>	189,118	111,419
026 <i>Rentals</i>	-	-
027 <i>Other (Specify)</i>		
<i>Bottled water</i>	44,858	33,325
<i>Total Operations and Maintenance Expenditures</i>	<u>\$ 5,449,541</u>	<u>\$ 5,253,842</u>

Baie Verte Central Connaigre School District #5

Pupil Transportation Expenditure

For The Year Ended June 30, 2003

		<u>2003</u>	<u>2002</u>
54010	Operation and Maintenance of Board Owned Fleet		
011	Salaries and Benefits		
	- Administration	\$ 82,221	\$ 82,401
012	- Drivers and Mechanics	1,453,206	1,268,784
013	Payroll Tax	28,572	18,602
014	Debt Repayment - Interest	74,244	62,953
015	- Principal	180,994	137,166
016	Bank Charges	-	-
017	Gas and Oil	253,613	193,512
018	Licenses	39,215	37,585
019	Insurance	25,544	23,482
021	Repairs and Maintenance - Fleet	177,608	147,102
022	- Building	20,625	14,410
023	Tires and Tubes	27,740	20,128
024	Heat and Light	22,659	17,635
025	Municipal Service	2,685	2,779
026	Snow Clearing	11,122	4,723
027	Office Supplies	2,838	2,457
028	Rent	-	-
029	Travel	3,151	6,677
031	Professional Fees	2,787	1,240
032	Miscellaneous	778	1,601
033	Telephone	7,276	6,095
034	Vehicle Lease	-	-
		<u>2,416,878</u>	<u>2,049,332</u>
54040	Contracted Services		
041	Regular Transportation	826,609	848,603
042	Handicapped	87,658	88,728
		<u>914,267</u>	<u>937,331</u>
	Total Pupil Transportation Expenditures	<u>\$ 3,331,145</u>	<u>\$ 2,986,663</u>

Schedule 6

Baie Verte Central Connaigre School District #5

Ancillary Services and Miscellaneous Expenses

For The Year Ended June 30, 2003

2003

2002

Ancillary Services

The Board owns and operates the following ancillary services:

55000	Ancillary Services		
011	Operation of Teachers Residences	\$ 2,053	\$ 3,820
031	Cafeterias	65,598	45,645
032	Other (Specify)	-	-
		\$ 67,651	\$ 49,465

Schedule 7

Miscellaneous Expenses (Specify)

The Board has incurred the following miscellaneous expenses:

57011	Miscellaneous Expenses (Specify)	\$ -	\$ -

Baie Verte Central Connaigre School District #5

Details of Property and Equipment

For The Year Ended June 30, 2003

		<u>Balance</u> <u>June 30, 2002</u>	<u>Additions</u>	<u>Disposal</u>	<u>Balance</u> <u>June 30, 2003</u>
12210	Land and Sites				
211	Land and Sites	\$ 1,134,441	\$ 51,042	\$ -	\$ 1,185,483
12220	Buildings				
221	Schools	53,336,521	324,843	-	53,661,364
222	Administration	2,037,674	164,272	383,359	1,818,587
223	Residential	-	-	-	-
224	Recreational	-	-	-	-
225	Other (Specify)	-	-	-	-
		<u>55,374,195</u>	<u>489,115</u>	<u>383,359</u>	<u>55,479,951</u>
12230	Furniture and Equipment				
231	Schools	10,675,860	275,441	-	10,951,301
232	Administration	960,818	7,662	-	968,480
233	Residential	-	-	-	-
234	Recreational	-	-	-	-
235	Other (Specify)	-	-	-	-
		<u>11,636,678</u>	<u>283,103</u>	<u>-</u>	<u>11,919,781</u>
12240	Vehicles				
241	Service vehicles	193,629	32,969	50,984	175,614
12250	Pupil Transportation				
251	Land	28,006	-	-	28,006
252	Building	294,812	-	-	294,812
253	Vehicles - Buses	3,762,023	419,493	285,151	3,896,365
254	- Service	32,344	56,437	-	88,781
255	Equipment	-	-	-	-
256	Other (Specify)	-	-	-	-
		<u>4,117,185</u>	<u>475,930</u>	<u>285,151</u>	<u>4,307,964</u>
12260	Misc. Capital Assets				
261	Other - Library books	98,382	-	-	98,382
	Total Property and Equipment	<u>\$ 72,554,510</u>	<u>\$ 1,332,159</u>	<u>\$ 719,494</u>	<u>\$ 73,167,175</u>

Baie Verte Central Connaigre School District #5

Details of Long Term Debt

For The Year Ended June 30, 2003

20032002

Bank loans, mortgage and debentures,
approved by the Board and the Government
of Newfoundland and Labrador

22210 Loans Other than Pupil Transportation

<u>Ref. #</u>			
211	Bank Loans		
	Repayable \$ 536	monthly, maturing 2003	\$ -
	Repayable \$ 513	monthly, maturing 2005	7,007
	Repayable \$ 555	monthly, maturing 2005	13,070
	Repayable \$ 555	monthly, maturing 2005	13,070
	Repayable \$ 611	monthly, maturing 2005	14,380
	Repayable \$ 613	monthly, maturing 2006	-
	Repayable \$ 720	monthly, maturing 2007	33,861
	Repayable \$	monthly, maturing	-
	Total 211		<u>81,388</u>
212	Mortgages		
	Repayable \$	monthly, maturing	-
	Repayable \$	monthly, maturing	-
	Repayable \$	monthly, maturing	-
	Repayable \$	monthly, maturing	-
	Repayable \$	monthly, maturing	-
	Repayable \$	monthly, maturing	-
	Total 212		<u>-</u>
213	Debentures		
	Repayable \$	monthly, maturing	-
	Repayable \$	monthly, maturing	-
	Total 213		<u>-</u>
214	Other (Please Specify) Temporary Loans - School Construction		-
	Subtotal		<u>81,388</u>
215	Less Current Maturities		<u>34,700</u>
	Total Loans Other Than Pupil Transportation		<u>\$ 46,688</u>
			<u>\$ 67,823</u>

Baie Verte Central Connaigre School District #5

Details of Long Term Debt

For The Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
22220 Loans - Pupil Transportation		
<u>Ref. #</u>		
221 Vehicle Bank Loans		
Repayable \$ <u>1,549</u> monthly, maturing <u>2001</u>	\$ 137,820	\$ 156,403
Repayable \$ <u>5,211</u> monthly, maturing <u>2011</u>	500,253	562,784
Repayable \$ <u>25,000</u> annually, maturing <u>2011</u>	200,000	225,000
Repayable \$ <u>2,090</u> monthly, maturing <u>2012</u>	250,833	275,917
Repayable \$ <u>2,738</u> monthly, maturing <u>2015</u>	364,091	-
Repayable \$ <u>571</u> monthly, maturing <u>2005</u>	13,398	19,367
Repayable \$ <u>686</u> monthly, maturing <u>2007</u>	25,033	-
Repayable \$ <u>613</u> monthly, maturing <u>2006</u>	20,787	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Total 221	<u>1,512,215</u>	<u>1,239,471</u>
222 Land, Buildings and Equipment Bank Loans		
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Total 222	<u>-</u>	<u>-</u>
Subtotal	<u>1,512,215</u>	<u>1,239,471</u>
223 Less Current Maturities	<u>185,440</u>	<u>137,403</u>
Total Loans - Pupil Transportation	<u>1,326,775</u>	<u>1,102,068</u>
Total Long Term Debt	<u>\$ 1,373,463</u>	<u>\$ 1,169,891</u>

Baie Verte Central Connaigre School District #5

Summary of Long Term Debt

For The Year Ended June 30, 2003

<u>Description</u>	<u>Ref.#</u>	<u>Rate</u>	<u>Balance Beginning of Period</u>	<u>Loans Obtained During Period</u>	<u>Principal Repayment for Period</u>	<u>Balance End of Period</u>
A) School Construction						
B) Equipment						
C) Service						
Vehicles						
Loan 1		3.90%	\$ 1,056	\$ -	\$ 1,056	\$ -
Loan 2		3.90%	12,293	-	5,286	7,007
Loan 3		1.90%	19,422	-	6,352	13,070
Loan 4		1.90%	19,422	-	6,352	13,070
Loan 5		1.90%	21,368	-	6,988	14,380
Loan 6		3.90%	27,193	-	27,193	-
Loan 7		0%	-	34,581	720	33,861
D) Other						
- Residences						
E) Pupil Transportation						
Loan 1		Prime	156,403	-	18,582	137,821
Loan 2		Prime	225,000	-	25,000	200,000
Loan 3		Prime	562,784	-	62,532	500,252
Loan 4		Prime	275,917	-	25,084	250,833
Loan 5		Prime	-	394,204	30,113	364,091
Loan 6		3.90%	19,367	-	5,969	13,398
Loan 7		0.90%	-	32,342	7,309	25,033
Loan 8		3.90%	-	27,193	6,406	20,787
Total Loans			\$ 1,340,225	\$ 488,320	\$ 234,942	\$ 1,593,603

Baie Verte Central Connaigre School District #5

Schedule of Current Maturities

For The Year Ended June 30, 2003

<u>Description</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
<i>A) School Construction</i>					
<i>B) Equipment</i>					
<i>C) Service</i>					
<i>Vehicles</i>					
Loan 2	\$ 5,986	\$ 1,021	\$ -	\$ -	\$ -
Loan 3	6,473	6,597	-	-	-
Loan 4	6,473	6,597	-	-	-
Loan 5	7,122	7,258	-	-	-
Loan 7	8,646	8,645	8,645	7,925	-
<i>D) Other</i>					
<i>E) Pupil Transportation</i>					
Loan 1	18,582	18,582	18,582	18,582	18,582
Loan 2	25,000	25,000	25,000	25,000	25,000
Loan 3	62,532	62,532	62,532	62,532	62,532
Loan 4	25,083	25,083	25,083	25,083	25,083
Loan 5	32,850	32,850	32,850	32,850	32,850
Loan 6	6,689	6,708	-	-	-
Loan 7	8,043	8,115	8,189	686	-
Loan 8	6,661	6,926	7,200	-	-
	<u>\$ 220,140</u>	<u>\$ 215,914</u>	<u>\$ 188,081</u>	<u>\$ 172,658</u>	<u>\$ 164,047</u>

Baie Verte Central Connaigre School District #5

Schedule of Interest Expense

For The Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
56010 <u>Description</u>		
012 <u>Capital</u>		
School Construction	\$ -	\$ -
Equipment	-	-
Service Vehicles	1,287	1,711
Other (Specify)	<u>-</u>	<u>-</u>
Total Capital	<u>1,287</u>	<u>1,711</u>
013 <u>Current - Operating Loans</u>	-	-
014 <u>- Supplier interest charges</u>	<u>-</u>	<u>-</u>
Total Current	<u>-</u>	<u>-</u>
Total Interest Expense	<u>\$ 1,287</u>	<u>\$ 1,711</u>

Baie Verte Central Connaigre School District #5

Supplementary Information

For The Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
1. <u>Cash</u>		
<u>Current</u>		
11110 Cash on Hand and in Bank		
111 Cash on Hand	\$ 25	\$ 25
112 Bank - Current	-	75,816
113 - Savings	-	10,642
114 - Teachers' Payroll	40,108	134,851
115 - Non Teachers' Payroll	-	(10,655)
116 - Coupon (Debenture)	-	-
117 - Other (Specify)	-	-
<u>Capital</u>		
11210 Cash on Hand and in Bank	-	-
211 Cash on Hand	-	-
212 Bank - Current	-	-
213 - Savings	-	-
214 - Other (Specify)	-	-
Total Cash on Hand and in Bank	<u>\$ 40,133</u>	<u>\$ 210,679</u>
2. <u>Short Term Investments</u>		
<u>Current</u>		
11121 Term Deposits		
122 Canada Savings Bonds		
123 Other (Specify) Bankers Acceptance	\$ -	\$ -
<u>Capital</u>		
11221 Term Deposits		
222 Canada Savings Bonds		
223 Other (Specify)	-	-
Total Short Term Investments	<u>\$ -</u>	<u>\$ -</u>

For The Year Ended June 30, 2003

	2003	2002
3. <u>Prepaid Expenses</u>		
<u>Current</u>		
11141 Insurance	\$ 4,316	\$ 3,963
142 Municipal Service Fees	27,822	24,578
143 Supplies	-	-
144 Other (Specify) - Worker's Compensation	75,375	51,803
- Transportation loan payments	14,792	-
<u>Capital</u>		
11241 Other (Specify)	-	-
	<u>\$ 122,305</u>	<u>\$ 80,344</u>

BOARD OF COMMISSIONERS
OF PUBLIC UTILITIES
FINANCIAL STATEMENTS
MARCH 31, 2004

AUDITORS' REPORT

To: The Board of Commissioners of Public Utilities

We have audited the statement of financial position of the Board of Commissioners of Public Utilities as at March 31, 2004 and the statements of operations, accumulated surplus and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

NKHK Chartered Accountants

St. John's, Newfoundland & Labrador
May 19, 2004

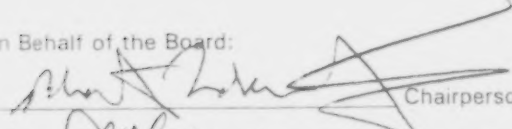
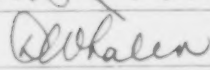
BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Financial Position

March 31, 2004

	2004	2003
ASSETS		
Current		
Cash	\$ 257,972	\$ 317,897
Accounts receivable	129,270	116,903
Hearing costs recoverable (Note 3)	1,325,349	1,131,673
Prepaid expenses	397	5,493
	1,712,988	1,571,966
Designated pension funds (Note 4)	492,446	547,750
	<u>\$2,205,434</u>	<u>\$2,119,716</u>
LIABILITIES		
Current		
Accounts payable and accruals	\$ 255,542	\$ 414,086
Accrued paid leave	295,599	255,571
Accrued severance pay	149,728	144,527
Pension obligations (Note 4)	349,500	362,500
	1,050,369	1,176,684
ACCUMULATED SURPLUS		
Per statement	1,155,065	943,032
	<u>\$2,205,434</u>	<u>\$2,119,716</u>

On Behalf of the Board:

 Chairperson and CEO
 Vice-Chairperson

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Operations

Year Ended March 31, 2004

	2004	2003
Revenues		
Assessments	\$1,725,379	\$1,670,609
Hearings room	1,100	8,450
Interest	13,516	16,659
Pension income (Note 4)	10,141	12,684
	1,750,136	1,708,402
Expenses		
Advertising and transcription	1,664	173
Consulting fees	200,343	111,146
Loan fee	740	700
Office equipment and supplies	66,557	82,278
Pension obligations estimation adjustment (Note 4)	52,445	52,445
Rent and insurance	142,200	130,506
Salaries and associated costs	994,177	997,004
Telecommunications	26,919	23,140
Training and membership	15,919	56,143
Travel	37,139	60,105
	1,538,103	1,513,640
Excess of revenues over expenses	\$ 212,033	\$ 194,762

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Accumulated Surplus

Year Ended March 31, 2004

	Internally Restricted (Note 6)	2004		2003
		Unrestricted	Total	Total
Balance as at beginning of year	\$1,057,727	\$(114,695)	\$ 943,032	\$748,270
Excess of revenues over expenses for the year	-	212,033	212,033	194,762
Restricted during the year (Note 6)	18,278	(18,278)	-	-
Balance as at end of year	\$1,076,005	\$ 79,060	\$1,155,065	\$943,032

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Cash Flows Year Ended March 31, 2004

	2004	2003
Operating activities		
Cash receipts from assessments and other revenues	\$ 1,737,769	\$ 1,608,684
Cash paid to suppliers and employees	(1,659,322)	(1,113,719)
Cash provided by operating activities	78,447	494,965
Hearing activities – recoverable		
(Increase) decrease in hearing costs recoverable and cash (used in) provided by hearing activities – recoverable	(193,676)	322,595
Investing activities		
Decrease in designated pension funds and cash provided by investing activities	55,304	52,761
(Decrease) increase in cash during year	(59,925)	870,321
Cash position as at beginning of year	317,897	(552,424)
Cash position as at end of year	\$ 257,972	\$ 317,897

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements

March 31, 2004

1. Authority

The Board of Commissioners of Public Utilities is an independent, quasi-judicial regulatory agency constituted in 1949 by the Lieutenant-Governor in Council pursuant to the *Public Utilities Act*. The Board regulates the electric utilities in the Province and is responsible for ensuring that the rates charged are reasonable and that the service provided is safe and reliable. Other responsibilities include the regulation of automobile insurance rates; limited regulation of the motor carrier industry as it relates to certain passenger and ambulance operations and to establish compensation for matters referred to the Board pursuant to the *Expropriation Act*. The Board was incorporated on May 12, 2000 pursuant to an amendment to the *Public Utilities Act*.

2. Summary of significant accounting policies

These financial statements have, in all material respects, been prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are set out below:

a) Operating revenues and expenses

Operating revenues and expenses are accounted for on the accrual basis.

b) Hearing costs recoverable

Recoverable expenses relating to specific enquiries held by the Board are accrued in hearing costs recoverable accounts until the Board orders payment. The costs and subsequent recoveries for these enquiries are not included in the operating revenues and expenses of the Board.

c) Capital assets

Capital assets are recorded as an expense in the year the asset is acquired. Capital assets are not recorded on the Statement of Financial Position and amortization is not recorded on the Statement of Operations.

A Statement of Tangible Capital Assets is provided for information purposes on Page 10. Amortization used in the statement is calculated on a straight-line basis over the estimated useful life of the asset:

Asset	Basis	Rate
Furniture and equipment	Straight-line	5 Years
Leasehold improvements	Straight-line	5 Years
Computer hardware	Straight-line	3.3 Years
Computer software	Straight-line	1 Year

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements

March 31, 2004

2. Significant accounting policies (cont'd)

d) Severance pay

Severance pay is accounted for on the accrual basis and is based upon years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continual service and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Board.

e) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the Board's management to make estimates and assumptions that affect the amounts reported in the financial statements and the notes related thereto. Actual results may differ from those estimates.

3. Hearing costs recoverable

	2004	2003
Hearing costs recoverable, beginning of year	\$1,131,673	\$1,454,268
Add – specific enquiry costs incurred during the year:		
Actuarial consultants	-	123,248
Consulting fees	1,008,318	674,459
Consumer Advocate	537,802	468,256
Salaries and associated costs	149,871	128,510
Transcription and printing	47,632	54,200
Travel and accommodations	61,993	31,419
Advertising and notice	65,193	72,552
Other	1,847	17,158
	1,872,656	1,569,802
	3,004,329	3,024,070
Less – costs recovered during the year	1,678,980	1,892,397
Hearing costs recoverable, end of year	\$1,325,349	\$1,131,673

4. Designated pension funds and pension obligations

The Board maintains a defined benefit pension plan for two former commissioners. Designated pension funds have been established and consist of investments maintained in trust with the Royal Trust Corporation of Canada on behalf of these pensioners and are recorded at market value.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements

March 31, 2004

4. Designated pension funds and pension obligations (cont'd)

Changes in designated pension funds are as follows:

	2004	2003
Balance, beginning of year	\$547,750	\$600,511
Add - earnings net of expenses	10,141	12,684
	557,891	613,195
Deduct - benefit payments	65,445	65,445
Balance, end of year	\$492,446	\$547,750

Pension obligations at March 31, 2004 in the amount of \$349,500 (2003 - \$362,500) represent the present value of accrued pension benefits as calculated in an actuarial report dated April 28, 2004. A pension obligations estimation adjustment of \$52,445 (2003 - \$52,445) is included in expenses in the fiscal year.

The Board also makes pension payments to a former Commissioner in the amount of \$24,520 per annum. These payments are paid directly by the Board out of operating expenses and are included in salaries and associated costs. In addition, salaries and associated costs include the expenditure of \$52,966 (2003 - \$46,638) with respect to other Commissioners and employees who are members of the *Public Service Pension Fund Act*, 1991 and entitled to benefits under that Act.

5. Bank indebtedness

The Board has established a \$1,000,000 line-of-credit subject to a general security agreement over all accounts and book debts, equipment, tangible capital assets and certain other assets. Any outstanding balance bears interest at the bank prime rate plus 0.5%.

6. Internally restricted surplus

The Board has adopted a formal policy to accumulate and restrict estimated amounts required to meet expected future obligations, together with the amount by which the funds set aside to meet future pension obligations exceed the amount of the pension obligation as calculated by actuarial estimates. The amounts restricted as at March 31, 2004 are as follows:

	2004	2003
Lease commitments	\$ 136,734	\$ 130,140
Payroll contingency	48,324	45,820
Pension obligations	142,946	185,250
Redundancy pay contingency	454,287	416,517
Working capital	293,714	280,000
	\$1,076,005	\$1,057,727

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements

March 31, 2004

7. Income taxes

The Board is a Crown entity of the Province of Newfoundland and as such is not subject to provincial or federal income taxes.

8. Lease commitments

The Board entered into the following leases for the rental of office space:

- a) five-year lease agreement in the amount of \$11,394 per month (\$136,728 per annum) commencing June 1, 2003.
- b) two-year lease agreement in the amount of \$500 per month (\$6,000 per annum) commencing July 1, 2002.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Tangible Capital Assets

March 31, 2004

	Original Cost			Accumulated Amortization			Net Book Value	
	Balance March 31, 2003	Additions	Balance March 31, 2004	Balance March 31, 2003	Additions	Balance March 31, 2004	Balance March 31, 2004	Balance March 31, 2003
Furniture and equipment	\$190,058	\$ 3,683	\$193,741	\$180,876	\$ 11,555	\$192,431	\$ 1,310	\$ 9,182
Leasehold improvements	128,208	1,014	129,222	103,956	4,620	108,576	20,646	24,252
Computer hardware	144,911	13,909	158,820	129,455	18,004	147,459	11,361	15,456
Computer software	12,396	3,518	15,914	11,576	2,579	14,155	1,759	820
	\$475,573	\$ 22,124	\$497,697	\$425,863	\$ 36,758	\$462,621	\$ 35,076	\$ 49,710

BULL ARM SITE CORPORATION

FINANCIAL STATEMENTS

31 MARCH 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Bull Arm Site Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Bull Arm Site Corporation as at 31 March 2004 and the statements of revenues and expenses and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read "John L. Noseworthy".

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
4 June 2004

BULL ARM SITE CORPORATION
BALANCE SHEET

31 March 2004 2003

ASSETS

Current

Cash	\$ 471,405	\$ 1,378,563
Investments, at cost (Note 2)	1,814,612	1,672,589
Accounts receivable	204,767	115,249
Due from the Offshore Development Fund (Note 3)	-	7,661
Prepaid expense	38,747	10,546
	2,529,531	3,184,608

Investment property (Note 4)

1 1

Capital assets (Note 5) 12,610 9,608

Deposits on services 60,808 59,128

\$ 2,602,950 \$ 3,253,345

LIABILITIES AND SHAREHOLDERS' EQUITY

Current

Accounts payable and accrued liabilities	\$ 99,191	\$ 87,974
Deferred revenue	-	150,000
Performance bonds payable	107,744	7,514
	206,935	245,488

Deferred contribution (Note 6)

246,300 -

Distribution payable to the Province

of Newfoundland and Labrador (Note 7) 2,149,711 3,007,853

2,602,946 3,253,341

Shareholders' equity

Share capital

Authorized

100 common shares of no par value

Issued

3 common shares 3

Equity in investment property

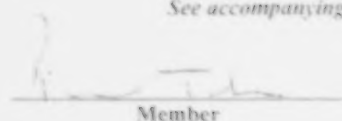
1 1

4 4

\$ 2,602,950 \$ 3,253,345

See accompanying notes

Signed on behalf of the Board:


Member

BULL ARM SITE CORPORATION
STATEMENT OF REVENUES AND EXPENSES
For the Year Ended 31 March

	2004	2003
REVENUES		
Province of Newfoundland and Labrador		
- Offshore Development Fund (Note 3)	\$ 50,257	\$ 63,225
Lease and rental revenue	527,961	51,443
Interest	68,277	91,293
	<u>646,495</u>	<u>205,961</u>
EXPENSES		
Advertising	28,983	44,792
Amortization	3,672	2,334
Conferences	6,493	10,989
Grants	35,000	35,000
Insurance	209,342	202,547
Loss on disposal of capital assets	-	920
Maintenance	281,370	301,222
Membership fees	2,850	3,119
Miscellaneous	3,503	2,163
Professional fees	14,620	22,960
Salaries and employee benefits	392,946	180,738
Security	281,436	442,410
Supplies	2,922	2,937
Telephone	5,547	5,269
Travel and entertainment	52,817	34,419
Utilities	167,764	171,639
Vehicle	15,372	10,890
	<u>1,504,637</u>	<u>1,474,348</u>
Excess of expenses over revenues (Note 7)	\$ (858,142)	\$ (1,268,387)

See accompanying notes

BULL ARM SITE CORPORATION
STATEMENT OF CASH FLOWS
For the Year Ended 31 March

	2004	2003
Cash flows from operating activities		
Excess of expenses over revenues	\$ (858,142)	\$ (1,268,387)
Adjustment for non-cash items		
Interest accrued on deposits on services	(1,680)	(1,538)
Amortization	3,672	2,334
Loss on disposal of capital assets	-	920
	(856,150)	(1,266,671)
Changes in non-cash working capital		
Accounts receivable	(89,518)	(8,379)
Due from the Offshore Development Fund	7,661	32,644
Prepaid expense	(28,201)	(7,766)
Accounts payable and accrued liabilities	11,217	(105,763)
Deferred revenue	(150,000)	-
Performance bonds payable	100,230	3,506
	(1,004,761)	(1,352,429)
Cash flows from investing activities		
Purchase of capital assets from operating funds	(6,674)	(7,082)
Purchase of capital asset from capital contributions	(203,700)	-
	(210,374)	(7,082)
Cash flows from financing activities		
Contribution from Province of Newfoundland and Labrador to purchase capital asset	450,000	-
Net decrease in cash and cash equivalents	(765,135)	(1,359,511)
Cash and cash equivalents, beginning of year	3,051,152	4,410,663
Cash and cash equivalents, end of year	\$ 2,286,017	\$ 3,051,152
Cash and cash equivalents include:		
Cash	\$ 471,405	\$ 1,378,563
Investments	1,814,612	1,672,589
	\$ 2,286,017	\$ 3,051,152

See accompanying notes

BULL ARM SITE CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

Authority

The Bull Arm Site Corporation was incorporated by the Province of Newfoundland and Labrador on 15 September 1995 under the *Corporations Act*. All shares of the Corporation are held by Ministers of the Crown on behalf of the Province. Its affairs are governed by a Board of Directors appointed by the Lieutenant-Governor in Council.

An agreement between the Province and the parties involved in the Hibernia project provided for the transfer of assets, known as investment property, at the Bull Arm Site to the Province. Investment property is defined in the agreement to include buildings, fixed equipment, living and recreational facilities, drydock, wharves, vehicles and other assets. In addition, the Corporation may accept investment property from other lessors of the Site upon termination of the lease agreements. The purpose of the Corporation is to receive and administer these assets at the Bull Arm Site. Investment property that is surplus to the future needs of the Corporation is either transferred for nil proceeds to the Province for its use or, if not required by the Province, disposed of to third parties.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Investment property

Management of the Corporation has determined that it is not practical to determine the value of the investment property with sufficient reliability and thus investment property is recorded at a nominal value of \$1. Any costs associated with obtaining the investment property are expensed as incurred.

(b) Capital assets

Capital assets are capitalized at cost at the time of acquisition. Contributions toward the acquisition of capital assets are deducted from the related capital asset cost with any amortization calculated on the net amount. Amortization is calculated using the methods described below based on the expected future life of the asset as follows:

Computer equipment	30% declining balance
Office equipment	20% declining balance
Vehicles	30% declining balance

2. Investments

Investments of \$1,814,612 (2003 - \$1,672,589) in guaranteed investment certificates are valued at cost which approximates market value. Maturity dates range from 18 May 2004 to 24 June 2004 with interest rates from 1.35% to 2.55%. Investments totaling \$107,744 (2003 - \$7,514) are encumbered as they relate to suppliers' performance bonds.

BULL ARM SITE CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

3. Offshore Development Fund

An amount of \$750,000 has been approved under the Offshore Development Fund to support a major international campaign to market the future use of the Bull Arm Site. This Fund is cost shared 75% by the Government of Canada and 25% by the Provincial Government. During the year, the Corporation recorded revenues of \$50,257 (2003 - \$63,225) which represents claims under the Fund for eligible expenditures incurred for this campaign. At year end the Corporation had no amount due from the Fund (2003 - \$7,661).

4. Investment property

In March 1998, the Corporation accepted all remaining investment property from the Hibernia Management Development Corporation. In November 2001, the Corporation accepted investment property relating to the Terra Nova Project which remained on site following the expiration of a site lease with PCL Industrial Contractors Inc.

5. Capital assets

	2004			2003	
	Cost	Capital Contributions	Accumulated Amortization	Net Book Value	Net Book Value
Asset under construction	\$ 203,700	\$ 203,700	\$ -	\$ -	\$ -
Computer equipment	15,630	-	8,685	6,945	7,491
Office equipment	4,472	-	2,778	1,694	2,117
Vehicle	4,672	-	701	3,971	-
	\$ 228,474	\$ 203,700	\$ 12,164	\$ 12,610	\$ 9,608

During the year, the Corporation entered into an agreement for the construction of a topsides module hall door with a contract value of \$679,000, of which \$203,700 has been advanced to the supplier. Capital contributions related to this asset are disclosed in Note 6.

6. Deferred contribution

During the year, the Province of Newfoundland and Labrador contributed \$450,000 towards the construction of the topsides module hall door as referred to in Note 5. These funds were advanced from the Offshore Development Fund. The Province has agreed to pay another \$50,000 after completion of the project. During the year, the Corporation applied \$203,700 of the \$450,000 in capital contributions towards the cost of the door with the remaining balance of \$246,300 to be applied in 2005.

BULL ARM SITE CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

7. Distribution payable to the Province of Newfoundland and Labrador

The Minister of Finance is authorized to invest any surplus from operations. Surpluses from operations are to be paid into the Consolidated Revenue Fund of the Province of Newfoundland and Labrador but there are no set terms of repayment. The change in the distribution payable to the Province of Newfoundland and Labrador for the year is as follows:

	<u>2004</u>	<u>2003</u>
Balance, beginning of year	\$ 3,007,853	\$ 4,276,240
Excess of expenses over revenues	(858,142)	(1,268,387)
Balance, end of year	\$ 2,149,711	\$ 3,007,853

8. Related party transactions

The Province of Newfoundland and Labrador has provided office space, office equipment and furnishings, and legal services at no cost to the Corporation. These contributions are not reflected in these financial statements. Salaries and benefits for certain employees of the Corporation are paid directly by the Province of Newfoundland and Labrador and the Province is reimbursed by the Corporation.

9. Financial instruments

The Corporation's financial instruments recognized in the balance sheet consist of cash, investments, accounts receivable, accounts payable and accrued liabilities and performance bonds payable, the carrying values of which approximate fair value due to the short-term maturity associated with these instruments.

10. Operating lease obligation

A vehicle has been leased for a four year term commencing 22 October 2002. Future minimum lease payments over the next three years are as follows:

2005	\$ 6,513
2006	\$ 6,513
2007	\$ 3,256

11. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Federal or Provincial income taxes.

12. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

**Burin Peninsula School Board
Financial Statements/
Auditors Report**

June 30, 2003

Grant Thornton 

Auditors' Report

To the Members of the
Burin Peninsula School Board

We have audited the balance sheet of the current and capital funds of the **Burin Peninsula School Board** as at June 30, 2003 and the related statements of current revenues, expenditures and Board deficiency, and the statement of cash flow in the capital fund for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2003 and the results of its operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

As required by Section 66 of the Schools Act, we report that bonding insurance is adequate for those employees covered.

Grant Thornton LLP

Marystown, Newfoundland
September 17, 2003

Chartered Accountants

P.O. Box 518
2 Queen Street
Marystown
Newfoundland
A0E 2M0
Tel: (709) 279-2300
Fax: (709) 279-2340

Burin Peninsula School Board **Statement of Current Revenues, Expenditures** **and Board Deficiency**

Year Ended June 30

2003

2002

Board Operations Excluding Regular Student Transportation

Current Revenues (Schedule 1)

Provincial Government Grants	\$ 22,980,750	\$ 23,259,897
Donations	8,413	6,935
Ancillary Services	98,744	67,185
Miscellaneous	<u>275,500</u>	<u>305,747</u>
	<u>23,363,407</u>	<u>23,639,764</u>

Current Expenditures

Administration (Schedule 2)	821,294	927,956
Instruction (Schedule 3)	19,857,060	19,705,582
Operations and Maintenance (Schedule 4)	2,360,190	2,850,549
Pupil Transportation (Schedule 6)	35,203	36,636
Ancillary Services (Schedule 7)	99,000	65,819
Interest Expenses (Schedule 10C)	70,157	88,853
Miscellaneous Expenses (Schedule 8)	<u>147,831</u>	<u>94,452</u>
	<u>23,390,735</u>	<u>23,769,847</u>

23 111	Excess of Expenditure over Revenue	(27,328)	(130,083)
	Transfer to Capital	<u>(5,173)</u>	<u>(4,815)</u>
	Decrease in Board Equity	(32,501)	(134,898)
	Decrease in Board Equity - Page 3	<u>(40,890)</u>	<u>(118,813)</u>
	Decrease in Board Equity Before Accrual for Teacher's Severance	(73,391)	(253,711)
	Accrual for Teacher's Severance	<u>(206,622)</u>	<u>(44,184)</u>
	Net Decrease in Board Equity	\$ <u>(280,013)</u>	\$ <u>(297,895)</u>

See Accompanying Notes

Grant Thornton 

Burin Peninsula School Board
Statement of Current Revenues, Expenditures
and Board Deficiency (Cont'd)

Year Ended June 30 2003 2002

Operation and Maintenance of
Board Owned School Fleet (Schedule 5)

Revenues	\$ 2,340,637	\$ 2,279,308
Expenditures	<u>2,381,527</u>	<u>2,398,121</u>
Excess of Expenditures over Revenues	<u>(40,890)</u>	<u>(118,813)</u>
Net Decrease in Equity	\$ <u>(40,890)</u>	\$ <u>(118,813)</u>

See Accompanying Notes

Burin Peninsula School Board Balance Sheet

June 30

2003

2002

	Current Fund	Capital Fund	Combined	Combined
Assets				
Current Assets				
Cash (Supp. Info. 1)	\$ 200	\$	200	\$ 157,900
Short Term Investments (Supp. Info. 2)	15,213		15,213	14,284
Accounts Receivable (Note 2 and 8)	428,338	\$ 3,055	431,393	565,037
Prepaid Expenses (Supp. Info. 3)	181,879		181,879	266,036
Total Current Assets	625,630	3,055	628,685	1,003,257
Property and Equipment (Sch. 9)		39,096,484	39,096,484	39,317,804
	<u>\$ 625,630</u>	<u>\$ 39,099,539</u>	<u>\$ 39,725,169</u>	<u>\$ 40,321,061</u>

Liabilities and Board Equity

Current Liabilities

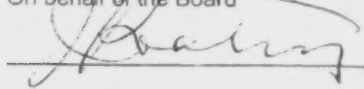
Bank Indebtedness (Note 3)	\$ 300,698	\$	300,698	\$ 270,824
Accounts Payable and Accrued (Note 4)	9,346,417		9,346,417	9,121,763
Current Maturities (Sch. 10B)	262,360	\$ 194,108	456,468	580,882
Total Current Liabilities	9,909,475	194,108	10,103,583	9,973,469
Long Term Debt (Schedule 10)	860,756	1,611,162	2,471,918	2,700,002
	<u>10,770,231</u>	<u>1,805,270</u>	<u>12,575,501</u>	<u>12,673,471</u>

Board Equity

Investment in Capital Assets (Note 6)		37,294,269	37,294,269	37,570,350
Board Deficiency (Note 5)	(10,144,601)		(10,144,601)	(9,922,760)
Total Board Equity	<u>(10,144,601)</u>	<u>37,294,269</u>	<u>27,149,668</u>	<u>27,647,590</u>
	<u>\$ 625,630</u>	<u>\$ 39,099,539</u>	<u>\$ 39,725,169</u>	<u>\$ 40,321,061</u>

Contingent Liabilities (Note 7)

On behalf of the Board



Chairperson



Secretary

See Accompanying Notes

Grant Thornton

Burin Peninsula School Board

Statement of Cash Flow in the Capital Fund

Year Ended June 30

2003

2002

70	Capital Receipts		
71	Proceeds from Bank Loans		
011	- School Construction		
012	- Equipment		
013	- Service Vehicles		
014	- Pupil Transportation	\$ 241,811	\$ 1,020,204
015	- Other (Specify)		27,514
		<u>241,811</u>	<u>1,047,718</u>
72	School Construction Grants		
011	- School Construction and Equipment		
	- Other		
012	- Repayment of Long Term Debt		
014	- Pupil Transportation		
73	Donations		
011	- Cash Receipts		
012	- Non-Cash Receipts		
013	- Restricted Use		
74	Sale of Capital Assets - Proceeds		
011	- Land		
012	- Buildings	330	
013	- Equipment		
014	- Service Vehicles		
015	- Pupil Transportation Vehicles		
016	- Other (Specify)		
		<u>330</u>	
75	Other Capital Revenues		
011	- Interest on Capital Fund Investments		
	- Pupil Transportation	24,432	
	- Debt Retirement		
012	- Premiums on Debentures		
013	- Recoveries of Expenditures		
014	- Federal Sales Taxes		
015	- Insurance Proceeds		
016	- Native Peoples Grants		
017	- Miscellaneous (Specify)		
		<u>24,432</u>	

Burin Peninsula School Board**Statement of Cash Flow in the Capital Fund (Cont'd)**

Year Ended June 30

	2003	2002
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Total Capital Receipts	<u>266,573</u>	<u>1,047,718</u>
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77 Transfer from Reserve Account	<u> </u>	<u> </u>
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78 Transfer to/from Current Fund	<u>5,173</u>	<u>4,815</u>
-------------------------------------	--------------	--------------

Total	\$ <u>271,746</u>	\$ <u>1,052,533</u>
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80 Capital Disbursements

81 Additions to Property & Equipment

011 - Land and Sites

012 - Buildings

013 - Furniture & Equipment - Schools

014 - Furniture & Equipment - Other

015 - Service Vehicles

\$	24,432	\$	62,599
----	--------	----	--------

016 - Pupil Transportation

241,811	832,437
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017 - Other (Specify)

<u>266,243</u>	<u>895,036</u>
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82 Principal Repayment of Long Term Debt

011 - School Construction

012 - Equipment

013 - Service Vehicles

5,503

014 - Other

<u>157,497</u>

<u>5,503</u>

<u>157,497</u>

83 Miscellaneous Disbursements

011 - Cost of Issuing Term Deposits

012 - Repayment of Short Term Loans

013 - Other - Temporary Loan to Operating

Total Capital Disbursements

\$	<u>271,746</u>	\$	<u>1,052,533</u>
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See Accompanying Notes

Burin Peninsula School Board

Notes to the Financial Statements

June 30, 2003

1. Summary of significant accounting policies

Fund Accounting

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Boards, to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting, is as follows:

- a) Grants received by the Board are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the Newfoundland and Labrador Education Investment Corporation are recorded as capital revenues.
- b) Fixed asset additions are recorded at full cost in the capital fund.
- c) The Board does not calculate or record depreciation on any of its fixed assets.

Severance Pay

The Board has in effect a severance pay policy whereby non-teaching staff with nine or more years of continuous service are entitled to a severance payment upon leaving employment with the Board. This liability for severance pay has been accrued in the accounts for all employees who have a vested right to receive such payments.

Severance pay for teachers is accrued based on amounts provided by the Department of Education.

Burin Peninsula School Board

Notes to the Financial Statements

June 30

2003

2002

	Current Fund	Capital Fund	Combined	Combined
2. <u>Accounts Receivable</u>				
<u>Current</u>				
11 131 Provincial Government Grants (Note 8) \$	289,576	\$	289,576	\$ 395,361
132 Transportation	29,447		29,447	33,296
133 Federal Government	63,380		63,380	53,000
134 Insurance				14,383
136 Other School Boards				
137 Rent				
138 Interest				
139 Miscellaneous	45,935		45,935	58,795
<u>Capital</u>				
11 231 Provincial Government Grants				
232 Federal Government	\$	1,055	1,055	6,810
233 Local Contributions				
234 Other School Boards				
235 Other (Specify)		2,000	2,000	3,392
	<u>\$ 428,338</u>	<u>\$ 3,055</u>	<u>\$ 431,393</u>	<u>\$ 565,037</u>

	Current Fund	Capital Fund	Combined	Combined
3. <u>Bank Indebtedness</u>				
21 131 On Operating Credit				
132 On Current Account \$	253,413	\$	253,413	\$ 220,014
On Staff Payroll Account	47,285		47,285	50,810
	<u>\$ 300,698</u>		<u>\$ 300,698</u>	<u>\$ 270,824</u>

Burin Peninsula School Board **Notes to the Financial Statements**

June 30

2003

2002

		<u>Current Fund</u>	<u>Capital Fund</u>	<u>Combined</u>	<u>Combined</u>
4.	<u>Accounts Payable and Accrued</u>				
	<u>Current</u>				
21 111	Trade Payable	\$ 210,240	\$	210,240	\$ 203,525
112	Accrued - Liabilities	52,875		52,875	57,553
113	- Interest				
114	- Wages				
115	Payroll Deductions	88,833		88,833	32,183
116	Commodity Tax	5,194		5,194	
117	Deferred Grants	15,848		15,848	22,658
118	Other (Specify)				
	Severance Pay Accrual	759,547		759,547	660,548
	Sick Leave Accrual				
	Vacation Pay Accrual	125,170		125,170	119,925
	Teacher's Severance	5,350,060		5,350,060	5,143,438
	Scholarship Fund	3,604		3,604	4,104
	Travel	17,907		17,907	23,746
	Teacher's salaries	2,717,139		2,717,139	2,689,570
	<u>Capital</u>				
21 211	Trade Payable				164,513
212	Accrued - Liabilities				
213	- Interest				
217	Deferred Grants				
218	Other (Specify)				
		<u>\$ 9,346,417</u>	<u>\$</u>	<u>9,346,417</u>	<u>\$ 9,121,763</u>

Burin Peninsula School Board **Notes to the Financial Statements**

June 30

2003

2002

5. Board Deficiency

Opening Board Deficiency

As previously reported	\$ (9,922,760)	\$ (6,994,904)
Adjustment of prior years (Note 10)	<u> </u>	<u>(2,689,570)</u>
As restated	(9,922,760)	(9,684,474)
Add: Deficit Recovery	58,172	59,609
Net Decrease in Board Equity (Page 2)	<u>(280,013)</u>	<u>(297,895)</u>
Board Deficiency, End of Year	\$ <u>(10,144,601)</u>	\$ <u>(9,922,760)</u>

Burin Peninsula School Board **Notes to the Financial Statements**

	June 30	2003	2002
6. Investment in Capital Assets, Beginning of Year		\$ <u>37,570,350</u>	\$ <u>38,558,079</u>
Add:			
Transfer to Capital Fund		5,173	4,815
Grants - Contributions for Capital Construction			
- Pupil Transportation Grants		24,432	
- Other (Specify) - Debt retirement			
Principal repayment - Bus Loans		<u>181,868</u>	<u>153,846</u>
		<u>211,473</u>	<u>158,661</u>
Deduct Adjustments:			
Cost of assets sold - Buildings		76,408	
- Service Vehicles			18,623
- Pupil Transportation Vehicles		<u>411,146</u>	<u>1,127,767</u>
		<u>487,554</u>	<u>1,146,390</u>
23 221 Investment in Capital Assets, End of Year		\$ <u>37,294,269</u>	\$ <u>37,570,350</u>

Burin Peninsula School Board Notes to the Financial Statements

June 30, 2003

7. Contingent Liabilities

The Board has a potential liability for accumulated sick leave to its employees in the amount of \$1,950,304. This amount has not been included in the financial statements. The amount is calculated based on Board policy and on an interpretation of the agreement with unionized employees. Any payments to employees for sick leave is expensed in the period such payments are incurred.

8. Department of Education Receivables

As at June 30, 2003 the Board accounts receivable includes the following amounts receivable from the Province of Newfoundland and Labrador – Department of Education:

(1)	Amounts due re: School Utilities Subsidy	\$ <u>134,347</u>
(2)	Amounts due re: District Restructuring	\$ <u>127,773</u>

This amount will be repaid from special incentives funding in 2004.

9. Subsequent Events

Subsequent to June 30, 2003 the Board entered into agreements to acquire school buses amounting to \$563,080 and to upgrade school facilities with respect to energy performance costing \$1,133,179. Debt financing for both projects has been approved.

10. Adjustment of prior years

Opening deficit as of July 1, 2001 has been restated to reflect the accrual for teachers salary holdback liability as provided by the Department of Education.

Burin Peninsula School Board

Current Revenues

Year Ended June 30

2003

2002

Schedule 1

Current Revenues

32 010	Provincial Government Grants		
011	Regular Operating Grants	\$ 3,750,600	\$ 3,631,600
016	Special Grants (Details on bottom of Schedule 1)	198,778	679,655
	Salaries and Benefits		
017	- Director and Assistant Directors	267,772	285,300
021	- Regular Teachers	17,495,239	17,429,779
022	- Substitute Teachers	768,335	754,235
023	- Student Assistants	464,408	448,335
030	Pupil Transportation		
031	- Board Owned		
032	- Contracted		
033	- Handicapped	35,618	30,993
		<u>22,980,750</u>	<u>23,259,897</u>
33 010	Donations		
012	Cash Receipts	8,413	6,935
013	Non Cash Receipts		
014	Restricted Use		
		<u>8,413</u>	<u>6,935</u>
34 010	Ancillary Services		
011	Revenues from Rental of Residence		3,600
021	Revenues from Rental of Schools and Facilities	28,538	
031	Cafeterias	70,206	63,585
032	Other (Specify)		
		<u>98,744</u>	<u>67,185</u>
35 010	Miscellaneous		
011	Interest on Investments	13,137	9,785
021	Recoveries of Expenditures	3,541	29,186
031	Disposal of Assets	18,608	
051	Insurance Proceeds	10,328	
061	Bilingual Education Revenue	2,000	47,926
081	Miscellaneous Grants	130,373	156,333
091	Textbooks	64,231	52,117
092	Sundry	10,064	10,400
	Technology Support Initiative	23,218	
		<u>275,500</u>	<u>305,747</u>
	Total Current Revenues	\$ 23,363,407	\$ 23,639,764

Burin Peninsula School Board

Current Revenues (Cont'd)

Year Ended June 30

	2003	2002
--	------	------

Special Grants

Schedule 1

Education Investment Corporation		\$	211,076
School Utilities	\$	140,551	74,578
School Closures		22,719	381,028
Indoor Air Quality and Maintenance			12,973
Special Incentive		15,000	
Diverse Learners Program		11,508	
SORT Program		<u>9,000</u>	
	\$	<u>198,778</u>	\$ <u>679,655</u>

Burin Peninsula School Board Administration Expenditures

Year Ended June 30

2003

2002

Schedule 2

51	Salaries and Benefits			
011	- Director & Assistant Directors	\$	272,673	\$ 291,333
012	- Board Office Personnel		347,320	340,058
013	Office supplies		22,021	16,059
014	Replacement Furniture and Equipment		2,131	7,104
015	Postage		6,084	10,007
016	Telephone		20,727	13,182
017	Office Equipment Rentals		5,661	6,440
018	Bank Charges		988	1,972
019	Heat and Electricity		11,398	10,602
022	Insurance		3,037	3,058
023	Repairs and Maintenance			
024	Travel		50,702	41,573
025	Board Meeting Expense		21,005	21,522
044	Bad Debts			93,417
026	Election Expense			12,793
027	Professional Fees		12,583	16,580
028	Advertising		11,975	10,614
029	Membership Dues		20,515	21,595
030	Principals' Meetings			
031	Municipal Service Fees			
032	Office Space Rental			
034	Miscellaneous		5,646	3,270
035	Payroll Tax		6,828	6,777
	Total Administration Expenditures	\$	821,294	\$ 927,956

Burin Peninsula School Board

Instruction Expenditures

Year Ended June 30

2003

2002

Schedule 3

52 010	Instructional Salaries (Gross)		
011	Teachers' Salaries - Regular	\$ 17,522,808	\$ 17,429,729
012	- Substitute	721,660	723,887
013	- Board Paid	28,566	45,255
015	Employee Benefits		
016	School Secretaries - Salaries & Benefits	376,471	345,419
017	Payroll Tax	7,478	6,784
018	Other - HRD Programs		
019	Student Assistants - Salaries & Benefits	464,408	468,870
		<u>19,121,391</u>	<u>19,019,944</u>
52 040	Instructional Materials		
041	General Supplies	43,002	39,416
042	Library Resource Materials	33,970	33,148
043	Teaching Aids	138,217	154,193
044	Textbooks	65,938	53,432
045	Photocopy Expense	42,100	49,325
047	Special Education Materials	9,889	13,982
049	Program Support		
		<u>333,116</u>	<u>343,496</u>
52 060	Instructional Furniture and Equipment		
061	Repairs/Replacement	59,173	33,026
062	Rentals/Leases	53,786	45,989
		<u>112,959</u>	<u>79,015</u>
52 080	Instructional Staff Travel		
081	Program Coordinators	54,774	52,319
082	Teachers' Travel	3,905	11,554
083	Inservice and Conferences	68,595	50,759
		<u>127,274</u>	<u>114,632</u>
52 090	Other Instructional Costs		
091	Postage and Stationary	8,544	8,288
092	Miscellaneous (Details on bottom of Schedule 3)	153,776	140,207
		<u>162,320</u>	<u>148,495</u>
	Total Instruction Expenditures	\$ <u>19,857,060</u>	\$ <u>19,705,582</u>

Burin Peninsula School Board

Instruction Expenditures (Cont'd)

Year Ended June 30

2003

2002

Schedule 3

Miscellaneous

French Monitor	\$	20,311	\$	17,621
French Teacher Aid		16,360		14,780
French Camp		13,411		6,308
Other French Programs		2,528		21,504
Scholarships		4,025		5,175
Student Travel		11,582		11,019
Summer School		7,061		17,110
Teacher Interns		8,332		2,470
SORT Program		9,325		
Summer Reading Camp		3,600		4,800
Kinderstart Program		5,696		
Elementary Math Assessment		1,356		2,369
Special Program Wages – SWASP		200		
Special Program Wages – Technology		20,712		4,102
School Breakfast Program		9,764		8,834
Library Assistant		8,140		1,243
Eastern Regional Management Team		1,268		3,231
Tutoring/Work Experience Program		5,540		5,909
Tutoring for Tuition		3,612		4,646
Leadership Institute		953		352
Other Funded Programs				8,734
	\$	<u>153,776</u>	\$	<u>140,207</u>

Burin Peninsula School Board
Operations and Maintenance Expenditures –
Schools

Year Ended June 30

2003

2002

Schedule 4

53 011	Salaries & Benefits	\$	1,027,063	\$	1,011,057
013	Payroll Tax		20,178		20,231
014	Electricity		686,452		611,888
015	Fuel		46,223		31,091
016	Municipal Fees		42,235		46,817
017	Telephone		109,440		105,031
018	Board Vehicle		12,691		21,615
019	Janitorial Supplies		71,010		62,167
021	Janitorial Equipment				
022	Repairs - Buildings		164,623		195,170
023	Repairs - Equipment				
024	Repairs - Contract		29,347		27,043
025	Snow Clearing		126,533		109,588
026	Repairs - Other		5,502		232,427
027	School Closures		11,768		368,174
096	Rental of School Space		7,125		8,250
028	Indoor Air Quality				
Total Operations and Maintenance		\$	<u>2,360,190</u>	\$	<u>2,850,549</u>

Burin Peninsula School Board

Operation and Maintenance of Board Owned Fleet

Year Ended June 30

2003

2002

Schedule 5

54 010 Operation and Maintenance of Board Owned Fleet - Expenditures

011	Salaries and Wages - Administration	\$	71,534	\$	70,788
012	Salaries and Wages - Drivers and Mechanics		1,172,142		1,208,941
013	Employee Benefits		197,225		179,720
014	Debt Repayment - Interest		83,342		74,746
015	Transfer to Capital		181,868		153,846
016	Bank Charges				
017	Gas, Diesel and Oil		268,628		258,885
018	Licenses		29,094		27,741
019	Insurance		20,067		17,077
021	Repairs and Maintenance - Fleet		214,663		234,938
022	Repairs and Maintenance - Building		10,900		35,361
023	Tires and Tubes		35,596		27,391
024	Heat and Light		12,361		6,989
025	Municipal Fees		608		562
026	Snowclearing		772		5,905
027	Office Supplies and Equipment		16,188		29,069
028	Rent				
029	Travel		2,758		3,263
031	Professional Fees		2,776		2,500
032	Miscellaneous		5,106		12,004
033	Telephone		26,904		22,986
034	Payroll Tax		28,995		25,409
		\$	<u>2,381,527</u>	\$	<u>2,398,121</u>

Operation and Maintenance of Board Owned Fleet - Revenues

32 031	Province of Newfoundland Grants	\$	2,301,300	\$	2,202,800
35 012	Extra Runs and Fees		36,809		47,970
	Other		<u>2,528</u>		<u>28,538</u>
		\$	<u>2,340,637</u>	\$	<u>2,279,308</u>

Burin Peninsula School Board
Pupil Transportation Expenditures

Year Ended June 30

2003

2002

Schedule 6

.54 010 Contracted Services
041 Regular Transportation
042 Handicapped

\$ 35,203 \$ 36,636

\$ 35,203 \$ 36,636

Burin Peninsula School Board

Ancillary Services and Miscellaneous Expenses

Year Ended June 30, 2003

Schedule 7

Ancillary Services

55	Ancillary Services	<u>2003</u>	<u>2002</u>
011	Operation of Teacher's Residences	\$	2,254
031	Cafeterias	\$ 70,431	63,565
032	Cost of school and facility rental	<u>28,569</u>	<u> </u>
		\$ <u>99,000</u>	\$ <u>65,819</u>

Schedule 8

Miscellaneous Expenses

	The Board has incurred the following miscellaneous expenses.	<u>2003</u>	<u>2002</u>
57	Special Incentive Program	\$ 15,000	
012	Provision for Severance Pay	<u>132,831</u>	\$ <u>94,452</u>
		\$ <u>147,831</u>	\$ <u>94,452</u>

Burin Peninsula School Board Details of Property and Equipment

Year Ended June 30, 2003

Schedule 9

		Balance, <u>beginning of year</u>	<u>Additions</u>	<u>Disposals</u>	Balance, <u>end of year</u>
12 210	Land and Sites				
211	Land and Sites	\$ 199,550			\$ 199,550
12 220	Buildings				
221	Schools	29,428,017	\$ 281,533		29,709,550
222	Administration	427,284		\$ 281,533	145,751
223	Residential	86,408		76,408	10,000
224	Recreational				
225	Other	152,886			152,886
		<u>30,094,595</u>	<u>281,533</u>	<u>357,941</u>	<u>30,018,187</u>
12 230	Furniture and Equipment				
231	Schools	4,024,598			4,024,598
232	Administration	312,301			312,301
233	Residential	850			850
234	Recreation				
235	Other	27,648			27,648
		<u>4,365,397</u>			<u>4,365,397</u>
12 250	Pupil Transportation				
251	Land				
252	Building	213,356			213,356
253	Vehicles - Buses	3,497,328	\$ 241,802	\$ 411,146	3,327,984
254	- Service	34,951	24,432		59,383
255	Equipment				
256	Other (Specify)				
		<u>3,745,635</u>	<u>266,234</u>	<u>411,146</u>	<u>3,600,723</u>
12 260	Misc. Capital Assets				
261	Computers	894,464			894,464
	Tools	18,163			18,163
		<u>912,627</u>			<u>912,627</u>
	Total Property and Equipment	\$ 39,317,804	\$ 547,767	\$ 769,087	\$ 39,096,484

Burin Peninsula School Board
Details of Property and Equipment (Cont'd)

Year Ended June 30, 2003

Schedule 9

Land, buildings and equipment have been recorded in the accounts at the amount recorded in the predecessor school boards accounts as at January 1, 1997. Additions since that date have been recorded at cost. Lands and sites on which some of the buildings are erected are vested in the former school boards or denominational education councils or churches. All real and personal property used for the purpose of education by the Burin Peninsula School District will be subject to the terms and conditions contained in Section 95 of the 1999 Schools Act.

As of the date of the Auditor's report the values of all of the school buildings and equipment used by the Burin Peninsula School District have not been obtained from the Department of Education or the former school boards.

Burin Peninsula School Board

Details of Long Term Debt

Year Ended June 30, 2003

Schedule 10

Bank loans, mortgages and debentures, approved by the Board and the Government of Newfoundland and Labrador.

22	210	Loans Other than Pupil Transportation		<u>2003</u>
		<u>Ref #</u>		
	211	Bank Loans		
		Repayable \$ _____ monthly, maturing _____		
		Repayable \$ <u>9,389</u> monthly, maturing <u>2004</u>	\$	112,665
		Repayable \$ _____ monthly, maturing _____		
		Repayable \$ <u>12,475</u> monthly, maturing <u>2010</u>		1,010,452
		Repayable \$ <u>459</u> monthly, maturing <u>2006</u>		<u>18,337</u>
		Total 211		<u>1,141,454</u>
	212	Mortgages		
		Repayable \$ _____ monthly, maturing _____		
		Repayable \$ _____ monthly, maturing _____		
		Repayable \$ _____ monthly, maturing _____		
		Repayable \$ _____ monthly, maturing _____		
		Repayable \$ _____ monthly, maturing _____		
		Total 212		
	213	Debentures		
		Repayable \$ _____ monthly, maturing _____		
		Repayable \$ _____ monthly, maturing _____		
		Total 213		
	214	Province of Newfoundland		
		Subtotal		<u>1,141,454</u>
	215	Less: Current Maturities		<u>267,876</u>
		Total Loans Other Than Pupil Transportation	\$	<u>873,578</u>

Burin Peninsula School Board

Details of Long Term Debt (Cont'd)

Year Ended June 30, 2003

Schedule 10

Bank loans, mortgages and debentures, approved by the Board and the Government of Newfoundland and Labrador.

22	210	Loans Other than Pupil Transportation		2002
		<u>Ref #</u>		
	211	Bank Loans		
		Repayable \$ <u>31,333</u> monthly, maturing <u>2003</u>	\$	144,568
		Repayable \$ <u>9,389</u> monthly, maturing <u>2004</u>		225,333
		Repayable \$ _____ monthly, maturing _____		
		Repayable \$ <u>12,475</u> monthly, maturing <u>2010</u>		1,160,140
		Repayable \$ <u>459</u> monthly, maturing <u>2006</u>		23,840
		Total 211		<u>1,553,881</u>
	212	Mortgages		
		Repayable \$ _____ monthly, maturing _____		
		Repayable \$ _____ monthly, maturing _____		
		Repayable \$ _____ monthly, maturing _____		
		Repayable \$ _____ monthly, maturing _____		
		Repayable \$ _____ monthly, maturing _____		
		Total 212		
	213	Debentures		
		Repayable \$ _____ monthly, maturing _____		
		Repayable \$ _____ monthly, maturing _____		
		Total 213		
	214	Province of Newfoundland		
		Subtotal		<u>1,553,881</u>
	215	Less: Current Maturities		<u>412,447</u>
		Total Loans Other Than Pupil Transportation	\$	<u>1,141,434</u>

Burin Peninsula School Board
Details of Long Term Debt (Cont'd)

Year Ended June 30, 2003

Schedule 10

2003

22	220	Loans - Pupil Transportation		
		Ref #		
221		Vehicle Bank Loans		
		Repayable \$ <u>430</u> monthly, maturing <u>2011</u>	\$	<u>41,250</u>
		Repayable \$ <u>4,169</u> monthly, maturing <u>2012</u>		<u>446,060</u>
		Repayable \$ <u>2,019</u> monthly, maturing <u>2011</u>		<u>207,910</u>
		Repayable \$ _____ monthly, maturing _____		
		Repayable \$ <u>5,744</u> monthly, maturing <u>2013</u>		<u>695,577</u>
		Repayable \$ _____ monthly, maturing _____		
		Repayable \$ <u>580</u> monthly, maturing <u>2007</u>		<u>23,212</u>
		Repayable \$ _____ monthly, maturing _____		
		Repayable \$ _____ monthly, maturing _____		
		Repayable \$ _____ monthly, maturing _____		
		Repayable \$ <u>1,095</u> monthly, maturing <u>2014</u>		<u>144,546</u>
		Repayable \$ _____ monthly, maturing _____		
		Repayable \$ <u>1,679</u> monthly, maturing <u>2014</u>		<u>228,377</u>
		Total 221		<u>1,786,932</u>
222		Land, Buildings and Equipment Bank Loans		
		Repayable \$ _____ monthly, maturing _____		
		Repayable \$ _____ monthly, maturing _____		
		Repayable \$ _____ monthly, maturing _____		
		Repayable \$ _____ monthly, maturing _____		
		Repayable \$ _____ monthly, maturing _____		
		Total 222		
		Subtotal		<u>1,786,932</u>
223		Less: Current Maturities		<u>188,592</u>
		Total Loans - Pupil Transportation	\$	<u>1,598,340</u>
		Total Long Term Debt	\$	<u>2,471,918</u>

Burin Peninsula School Board
Details of Long Term Debt (Cont'd)

Year Ended June 30, 2003

Schedule 10

2002

22 220 Loans - Pupil Transportation

Ref #

221 **Vehicle Bank Loans**

_____	Repayable \$ 430 monthly, maturing 2011	\$ 46,406
_____	Repayable \$ 4,169 monthly, maturing 2012	496,085
_____	Repayable \$ 2,019 monthly, maturing 2011	232,133
_____	Repayable \$ _____ monthly, maturing _____	
_____	Repayable \$ 5,744 monthly, maturing 2013	764,504
_____	Repayable \$ _____ monthly, maturing _____	
_____	Repayable \$ 580 monthly, maturing 2007	30,175
_____	Repayable \$ _____ monthly, maturing _____	
_____	Repayable \$ _____ monthly, maturing _____	
_____	Repayable \$ 1,095 monthly, maturing 2014	157,700
_____	Repayable \$ _____ monthly, maturing _____	
_____	Repayable \$ _____ monthly, maturing _____	

Total 221 1,727,003

222 **Land, Buildings and Equipment Bank Loans**

_____	Repayable \$ _____ monthly, maturing _____	
_____	Repayable \$ _____ monthly, maturing _____	
_____	Repayable \$ _____ monthly, maturing _____	
_____	Repayable \$ _____ monthly, maturing _____	
_____	Repayable \$ _____ monthly, maturing _____	

Total 222 _____

Subtotal 1,727,003

223 Less: Current Maturities 168,435

Total Loans - Pupil Transportation \$ 1,558,568

Total Long Term Debt \$ 2,700,002

Burin Peninsula School Board Summary of Long Term Debt

Year Ended June 30, 2003

Schedule 10A

Description	Ref. #	Rate	Balance, Beginning of Year	Loans Obtained During Year	Principal Repayments for Year	Balance, End of Year
A) School Construction						
B) Equipment						
C) Service Vehicles	Prime	\$	23,840	\$	5,503	\$ 18,337
D) Other - District Restructuring			144,568		144,568	
District Restructuring	Prime		225,333		112,668	112,665
Debt Restructuring	Prime		1,160,140		149,688	1,010,452
E) Pupil Transportation	Prime		46,406		5,156	41,250
Pupil Transportation	Prime		764,504		68,927	695,577
Pupil Transportation	Prime		496,085		50,025	446,060
Pupil Transportation	Prime		232,133		24,223	207,910
Pupil Transportation	Prime		30,175		6,963	23,212
Pupil Transportation	Prime		157,700		13,154	144,546
Pupil Transportation	Prime			\$ 241,811	13,434	228,377
Total Loans		\$	<u>3,280,884</u>	\$	<u>594,309</u>	\$ <u>2,928,386</u>

Burin Peninsula School Board
Current Maturities

Year Ended June 30, 2003

Schedule 10B

<u>Description</u>	<u>Year 1</u>	<u>Year 2</u>
A) School Construction		
B) Equipment		
C) Service Vehicles	\$ 5,508	\$ 5,508
D) Other -		
District Restructuring	112,665	
Debt Restructuring	149,695	149,695
E) Pupil Transportation	188,600	188,600
Total	\$ <u>456,468</u>	\$ <u>343,803</u>

Burin Peninsula School Board

Interest Expenses

Year Ended June 30

2003

2002

Schedule 10C

56 010

<u>Description</u>			
012	Capital		
	School Construction		
	Equipment		
	Service Vehicles		
	Other - District Restructuring	\$ 11,217	\$ 53,209
	- Debt Restructuring	<u>51,550</u>	<u></u>
	Total Capital	<u>62,767</u>	<u>53,209</u>
013	Current		
	- Operating Loans	3,850	26,178
	- Supplier Interest Charges	<u>3,540</u>	<u>9,466</u>
	Total Current	<u>7,390</u>	<u>35,644</u>
	Total Interest Expense	\$ <u>70,157</u>	\$ <u>88,853</u>

Burin Peninsula School Board **Supplementary Information**

Year Ended June 30

2003

2002

		<u>Current</u>	<u>Capital</u>	<u>Combined</u>	<u>Combined</u>
1.	<u>Cash</u>				
	<u>Current</u>				
11 110	Cash on Hand and in Bank				
111	Cash on Hand	\$ 200		\$ 200	\$ 200
112	Bank - Current				
113	- Savings				
114	- Teachers' Payroll				
115	- Non Teachers' Payroll				
116	- Coupon (Debenture)				
117	- Other (Cafeterias)				
	<u>Capital</u>				
11 210	Cash on Hand and in Bank				
211	Cash on Hand				
212	Bank - Current				157,700
213	- Savings				
214	- Other (Specify)				
	Total Cash on Hand & in Bank	\$ 200		\$ 200	\$ 157,900
2.	<u>Short Term Investments</u>				
	<u>Current</u>				
11 121	Term Deposits	\$ 15,213		\$ 15,213	\$ 14,284
122	Canada Savings Bonds				
123	Other (Specify)				
	<u>Capital</u>				
11 221	Term Deposits				
222	Canada Savings Bonds				
223	Other (Specify)				
	Total Short Term Investments	\$ 15,213		\$ 15,213	\$ 14,284

Burin Peninsula School Board Supplementary Information

Year Ended June 30

2003

2002

	<u>Current</u>	<u>Capital</u>	<u>Combined</u>	<u>Combined</u>
3. <u>Prepaid Expenses</u>				
<u>Current</u>				
11 141 Insurance	\$ 3,402		\$ 3,402	\$ 3,057
142 Municipal Service Fees	17,537		17,537	17,182
143 Supplies	96,390		96,390	177,555
144 Other	60,762		60,762	68,242
Deferred Costs	3,788		3,788	
<u>Capital</u>				
11 241 Other (Specify)				
	\$ <u>181,879</u>		\$ <u>181,879</u>	\$ <u>266,036</u>

BUSINESS INVESTMENT CORPORATION

FINANCIAL STATEMENTS

31 MARCH 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Business Investment Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Business Investment Corporation as at 31 March 2004 and the statements of equity, revenues and expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read "John L. Noseworthy".

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
18 June 2004

STATEMENT 1

BUSINESS INVESTMENT CORPORATION
BALANCE SHEET
 31 March

2004

2003

ASSETS

Cash (Note 2)	\$ 1,513,481	\$ 1,415,717
Loans and equity investments (Note 3)	11,336,068	12,696,762
Due from the Province	49	1,008,295
Insurance premium receivable	20,783	20,783
Long-term investments (Note 4)	9,422	-
	<u>\$ 12,879,803</u>	<u>\$ 15,141,557</u>

LIABILITIES AND EQUITY

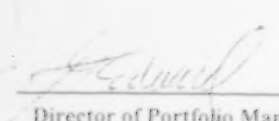
Borrowers' deposits	\$ 68,517	\$ 68,517
Equity	12,811,286	15,073,040
	<u>\$ 12,879,803</u>	<u>\$ 15,141,557</u>

Contingent liabilities (Note 5)
 Commitments (Note 6)

See accompanying notes

Signed on behalf of the Board:


 Chairperson


 Director of Portfolio Management

BUSINESS INVESTMENT CORPORATION
STATEMENT OF EQUITY
For the Year Ended 31 March

2004

2003

Contributed capital (Note 7)

Balance, beginning of year	\$ 76,137,561	\$ 82,367,350
Capital contributions from the Government of Canada	-	122,187
Aquaculture Working Capital Fund reserve (Note 2)	20,647	8,295
Capital contributions from the Province	1,621,500	3,621,500
Principal paid to the Province	(4,143,714)	(5,065,225)
Contributions disbursed as grants	(407,456)	(440,734)
Principal written off, net of recoveries (Note 3)	(5,050,008)	(4,475,812)
Balance, end of year	68,178,530	76,137,561

Deficit

Balance, beginning of year	(61,064,521)	(68,313,116)
Investment income paid to the Province	(863,699)	(1,546,663)
Excess of revenues over expenses	1,510,968	4,319,446
Principal written off, net of recoveries (Note 3)	5,050,008	4,475,812
Balance, end of year	(55,367,244)	(61,064,521)
Equity, end of year	\$ 12,811,286	\$ 15,073,040

See accompanying notes

STATEMENT 3

BUSINESS INVESTMENT CORPORATION
STATEMENT OF REVENUES AND EXPENSES
For the Year Ended 31 March

	2004	2003
REVENUES		
Interest on loans	\$ 994,861	\$ 1,533,163
Investment income	47,027	40,441
Dividend income	97,161	8,895
Miscellaneous income	-	24,832
Recovery in value of loans receivable and equity investments (Note 3)	362,641	2,712,395
Gain from demutualization	9,422	-
	1,511,112	4,319,726
EXPENSES		
Miscellaneous expense	144	280
Excess of revenues over expenses	\$ 1,510,968	\$ 4,319,446

See accompanying notes

BUSINESS INVESTMENT CORPORATION
STATEMENT OF CASH FLOWS
For the Year Ended 31 March

2004

2003

Cash flows from operating activities

Excess of revenues over expenses	\$ 1,510,968	\$ 4,319,446
Adjustments for non-cash items		
Gain on demutualization	(9,422)	-
Recovery in value of loans receivable and equity investments	(362,641)	(2,712,395)
	1,138,905	1,607,051
Changes in non-cash operating items		
Due from the Province	1,008,246	(808,295)
Accounts payable	-	(7,692)
Due to the Province	-	(88,088)
Borrowers' deposits	-	(74,073)
	2,147,151	628,903

Cash flows from investing activities

Increase in loans and equity investments	(3,162,670)	(4,036,871)
Collection of loans and equity investments	4,886,005	6,763,039
	1,723,335	2,726,168

Cash flows from financing activities

Capital contributions from the Government of Canada	-	122,187
Aquaculture Working Capital Fund reserve	20,647	8,295
Capital contributions from the Province	1,621,500	3,621,500
Principal paid to the Province	(4,143,714)	(5,065,225)
Contributions disbursed as grants	(407,456)	(440,734)
Investment income paid to the Province	(863,699)	(1,546,663)
	(3,772,722)	(3,300,640)

Net increase in cash	97,764	54,431
Cash, beginning of year	1,415,717	1,361,286
Cash, end of year	\$ 1,513,481	\$ 1,415,717

See accompanying notes

BUSINESS INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

Authority

The Business Investment Corporation (the Corporation) was established under the authority of the *Business Investment Corporation Act*. The Corporation is funded by the Province of Newfoundland and Labrador (the Province) and is responsible for making available and managing investments in small to medium sized private businesses, co-operatives, community development corporations and other enterprises for the purpose of creating employment opportunities for the people of the Province. The affairs of the Corporation are managed by a Board of Directors appointed by the Lieutenant-Governor in Council.

The *Business Investment Corporation Act* came into force effective 1 April 2002. Under this *Act*, the Business Investment Corporation was incorporated and became the successor to Enterprise Newfoundland and Labrador Corporation, the Fisheries Loan Board and the Farm Development Loan Board. Also under this *Act*, the *Fisheries Loan Act*, the *Farm Development Loan Act*, the *Economic Recovery Commission Act* and the *Enterprise Newfoundland and Labrador Corporation Act* were repealed.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Loans receivable

The Corporation records loans receivable at cost. When loans are identified as impaired, the Corporation records an allowance to reduce their carrying values to their estimated realizable amounts. Estimated realizable amounts are measured at discounted cash flows when the cash flows can be estimated with reasonable reliability, or alternatively, at the estimated net realizable value of the underlying security.

(b) Equity investments

The Corporation records equity investments at cost. In certain circumstances, the Corporation may have acquired the right to appoint representatives to an equity investee's board of directors or it may have a significant influence on the strategic operating, investing and financing policies of the investee. However, because of the nature of the Corporation's investment process and the manner in which these positions were acquired, such control or significant influence may not in fact be exercised or the Corporation may not intend to maintain such positions. Accordingly the Corporation's equity investments for all companies in which the Corporation holds voting rights are accounted for on the cost basis.

Provision is made by the Corporation for any decline in the value of investee companies which is considered to be other than temporary.

BUSINESS INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

1. Significant accounting policies (cont.)

(c) Revenue recognition

Interest income is accounted for on the accrual basis for all loans other than the impaired portion of loans. Recognition of interest in accordance with the terms of the original loan agreement ceases when a loan becomes impaired. A loan is classified as impaired when, in the opinion of management, there is reasonable doubt as to the ultimate collectability of a portion of principal or interest, or when payment is contractually past due 90 days. The impaired portion of loans may revert to accrual status only when principal and interest payments have become fully current again, at which time any interest will be recognized in that fiscal year.

Dividends are recorded as income when received.

2. Aquaculture Working Capital Fund

During the fiscal years 2000-01 to 2002-03, the Corporation received \$1.5 million from the Government of Canada to fund the Aquaculture Working Capital Fund (the Fund). The Fund assists individuals and companies in the shellfish industry throughout the Province through repayable loans. The Fund is a revolving fund in which loan repayments are not remitted to the Province but held by the Corporation to be paid out as future aquaculture loans.

As at 31 March 2004, the Fund had 19 loans outstanding totaling \$1,479,866. During 2003-04, the Corporation established a separate loan portfolio and bank account to administer the Fund and assist in identifying payments that are received and held for future loans. As at 31 March 2004, the Fund had a balance of \$55,520 of which \$55,471 was held in cash and \$49 was set up as accounts receivable.

3. Loans and equity investments

The determination of whether a loan is impaired and the appropriate carrying value of equity investments, involves significant judgement. The estimation of an appropriate allowance for decline in value of loans receivable and equity investments necessarily involves the use of estimates. These financial statements represent management's best estimates based on available information.

BUSINESS INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

3. Loans and equity investments (cont.)

Loans and equity investments consist of the following:

	<u>2004</u>	<u>2003</u>
Loans receivable		
Principal due and unpaid	\$ 25,308,386	\$ 28,222,145
Principal not yet due	22,222,734	25,765,104
Interest due and unpaid	4,532,297	5,744,520
	52,063,417	59,731,769
Less allowance for decline in value	(41,744,474)	(48,060,751)
	<u>10,318,943</u>	<u>11,671,018</u>
Equity investments		
Equity investments, at cost	22,613,551	23,087,698
Less allowance for decline in value	(21,596,426)	(22,061,954)
	<u>1,017,125</u>	<u>1,025,744</u>
Loans and equity investments	<u>\$ 11,336,068</u>	<u>\$ 12,696,762</u>

The allowance for the decline in value of loans receivable and equity investments consists of the following:

	<u>2004</u>	<u>2003</u>
Balance, beginning of year	\$ 70,122,705	\$ 77,721,665
Principal written off, net of recoveries	(5,050,008)	(4,475,812)
Interest written off, net of recoveries	(1,007,835)	(410,753)
Interest receivable adjustment	(361,321)	-
Recovery in value of loans receivable and equity investments	(362,641)	(2,712,395)
Balance, end of year	<u>\$ 63,340,900</u>	<u>\$ 70,122,705</u>

The allowance for impaired loans represents the Corporation's best estimate of future probable losses with respect to the loans receivable and equity investments. The Corporation recognizes that future economic and industry conditions are not predictable and therefore, their impact on the future cash flows anticipated is uncertain. Consequently, adjustments to the allowance are possible depending on the impact of these future events and management's best estimate of them.

BUSINESS INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

4. Long-term investments

Long-term investments consist of 673 shares of Sun Life Financial Services of Canada Incorporated which were given to the Corporation as a result of the demutualization of Sun Life Assurance Company of Canada. The carrying value of the shares are recognized at the fair market value of \$9,422 as determined by the share price at the time of the transfer of shares to the Corporation. The fair market value of these shares was \$18,676 as at 31 March 2004.

5. Contingent liabilities

- (a) A client of the Corporation has taken legal action as a result of certain alleged technical problems that the client claims to have experienced with a vessel that was financed through the Fisheries Loan Board Program. The amount of this potential claim is in the \$900,000 to \$1,100,000 range. In a matter related to this legal action, another party has been awarded a claim of \$1,800,000. The Province will not appeal this decision.
- (b) A client of the Corporation has filed a Notice of Intended Action against Her Majesty the Queen in Right of Newfoundland and Labrador and the Corporation because of an alleged breach of a bounty agreement. The client is seeking an estimated \$143,700 plus interest. The Statement of Claim issued in relation to this matter was acknowledged by both parties to be defective due to non-compliance with the *Proceedings Against the Crown Act*. There has been no further activity in relation to this claim since the summer of 1991.
- (c) Two clients of the Corporation have filed counter claims relating to the Corporation's legal action to collect the clients' deficiency loan balances. The clients are claiming that the Corporation repossessed and sold their vessels for an amount less than the fair market value. In addition, the clients are claiming that the total proceeds from the sale of their vessels was not credited towards their outstanding balance. The amount of both claims is estimated at \$50,000. In the opinion of the Corporation there is a good defense to these counter claims.
- (d) There are three counter claims against the Corporation in relation to actions commenced by the Corporation to collect the deficiency balances owing on vessels that have been repossessed and sold. The total of these three counter claims is not expected to exceed \$39,000. In the opinion of the Corporation there is a good defense to these counter claims.

BUSINESS INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

5. Contingent liabilities (cont.)

- (e) A client of the Corporation has taken legal action claiming that the marine inspectors of the Corporation were negligent in performing their survey of the client's vessel at the time financing was being considered. The plaintiffs are claiming general damages.
- (f) Two clients of the Corporation have taken legal action claiming that the Corporation repossessed and sold their vessel without following proper legal procedure. The claimants are seeking a declaration that they are free from liability under the original Ship's Mortgage and other relief as could be granted by the court. The deficiency balance of the mortgage is approximately \$80,000 plus interest. In the opinion of the Corporation there is a good defence to this action.
- (g) There is a third party claim against Her Majesty the Queen in Right of Newfoundland and Labrador and the Corporation by the defendants in an action by a bank to collect the deficiency balance on a loan to the defendants. The defendants are seeking indemnification and contribution for approximately \$400,000 plus interest. A defence will be filed in this action.
- (h) A statement of claim has been served on the Corporation by a company claiming a breach of contract. The company is claiming special damages of \$811,040, other general and unspecified damages, interest and costs associated with the action. The likelihood of loss as a result of this claim is not determinable.

6. Commitments

The Corporation has outstanding commitments in respect of approved but not yet disbursed loans, equity investments and/or grants in the amount of \$1,181,383 (2003- \$1,190,284). Funding sources for these commitments are cash on hand and operating grant receivable. In addition to these loan commitments the Corporation has outstanding loan guarantees of \$250,000 (2003 - \$250,000).

7. Contributed capital

The Corporation receives capital contributions from the Province and the Government of Canada for the purpose of making loans, equity investments and providing business market development grants. The Corporation depends on these capital contributions to carry out its mandate.

Contributed capital is reduced by the principal portion of loans collected and paid to the Province, the principal portion of loans written off, and by contributions which the Corporation disburses as grants under its Business and Market Development Program.

BUSINESS INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

8. Financial instruments

The Corporation's financial instruments recognized in the balance sheet, in addition to the long-term investments described in Note 4, consist of cash, loans and equity investments, due from the Province, insurance premium receivable, and borrowers' deposits. The carrying values of cash, due from the Province, insurance premium receivable, and borrowers' deposits approximate fair value due to the short-term maturity or current market rate associated with these instruments.

The Corporation's loans and equity investments are recognized on the balance sheet at cost with provision being made for any decline in their value. Any estimated impairment of these loans and equity investments has been provided for through an allowance for decline in value and no further credit risk exists for these items. The carrying value of loans and equity investments approximates discounted value of expected receipts. Therefore, their carrying values approximate their fair value and these instruments are not subject to any material interest rate risk.

9. Related party transactions

The Corporation is administered as a division of the Department of Innovation, Trade and Rural Development. Expenses related to salaries, accommodations and administration are paid directly by the Department and no provision is made in these financial statements to reflect those expenditures.

10. Economic dependence

As a result of the Corporation's reliance on Provincial funding, the Corporation's ability to continue viable operations is dependent upon the decisions of the Province.

11. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

C.A. PIPPY PARK COMMISSION

FINANCIAL STATEMENTS

31 MARCH 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Commissioners
C.A. Pippy Park Commission
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the C.A. Pippy Park Commission as at 31 March 2004 and the statements of revenues, expenses and deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at 31 March 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read "John L. Noseworthy".

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
25 June 2004

C.A. PIPPY PARK COMMISSION
BALANCE SHEET
31 March

2004

2003

ASSETS

Current

Cash	\$ 260,659	\$ 303,047
Accounts receivable (Note 2)	35,319	57,897
Merchandise inventory - at the lower of cost and net realizable value	14,232	13,598
Prepaid expenses	38,218	34,634
Prepaid supplies	9,392	9,785
	357,820	418,961

Capital assets (Note 3)	92,443	86,278
-------------------------	--------	--------

	\$ 450,263	\$ 505,239
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LIABILITIES AND EQUITY

Current

Accounts payable and accrued liabilities	\$ 90,526	\$ 85,801
Deferred revenue	15,188	17,505
Obligation under capital lease - current portion (Note 4)	6,444	15,767
	112,158	119,073

Advance from Province of Newfoundland and Labrador (Note 5)	250,000	250,000
Obligation under capital lease (Note 4)	-	5,231
Accrued severance pay	127,720	114,329
	489,878	488,633

Equity

Unexpended capital funds (Note 6)	69,842	181,905
Deficit	(109,457)	(165,299)
	(39,615)	16,606

	\$ 450,263	\$ 505,239
--	------------	------------

Contingent liabilities (Note 12)

See accompanying notes

Signed on behalf of the Board:

Chairperson

Member

C.A. PIPPY PARK COMMISSION
STATEMENT OF REVENUES, EXPENSES AND DEFICIT
For the Year Ended 31 March

2004

2003

	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
REVENUES			
Province of Newfoundland and Labrador (Note 7)			
Special projects	\$ 2,921	\$ 4,000	\$ 2,520
Operating grant	400,000	400,000	400,000
	402,921	404,000	402,520
Property sales	281,991	390,000	77,696
Trailer park	275,322	211,000	241,112
Golf course management fee (Note 8)	250,000	-	250,000
Services	180,274	180,000	171,479
Rental	138,926	113,000	131,240
Income from other revenue producing activities (Note 9)	97,769	93,000	94,573
Professional fees	56,713	34,000	51,441
Permit fees	16,614	-	18,094
Interest	7,342	-	5,284
Miscellaneous	7,246	1,000	1,386
	1,715,118	1,426,000	1,444,825
EXPENSES			
Advertising and promotion	10,629	13,000	15,709
Amortization	16,798	-	17,849
Bad debts	252,324	3,000	250,366
Building maintenance	77,707	93,000	82,024
Donation	3,250	1,000	2,050
Equipment maintenance	63,115	62,000	45,244
Heat, light and telephone	78,455	90,000	78,996
Honoraria	3,850	10,000	7,165
Insurance	87,777	95,000	81,801
Interest on capital lease obligation	1,213	3,000	2,367
Miscellaneous	23,489	43,100	20,554
Office	6,450	9,000	6,188
Professional fees	20,573	25,000	28,831
Real estate commissions	15,768	20,000	4,478
Salaries and employee benefits	957,965	975,000	890,528
Special projects - Travel Trailer Park	-	150,000	-
Supplies	38,455	47,000	29,412
Training	929	1,000	-
Travel	529	4,000	2,211
	1,659,276	1,644,100	1,565,773
Excess of revenues over expenses (expenses over revenues)	55,842	(218,100)	(120,948)
Deficit, beginning of year	(165,299)	(165,299)	(44,351)
Deficit, end of year	\$ (109,457)	\$ (383,399)	\$ (165,299)

See accompanying notes

C.A. PIPPY PARK COMMISSION
STATEMENT OF CASH FLOWS
For the Year Ended 31 March

	2004	2003
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues)	\$ 55,842	\$ (120,948)
Adjustment for non-cash items		
Amortization	16,798	17,849
	72,640	(103,099)
Changes in non-cash working capital		
Accounts receivable	22,578	(6,193)
Merchandise inventory	(634)	(628)
Prepaid expenses	(3,584)	22,117
Prepaid supplies	393	(4,850)
Accounts payable and accrued liabilities	4,725	29,609
Deferred revenue	(2,317)	3,764
	21,161	43,819
Increase (decrease) in accrued severance pay	13,391	(8,283)
	107,192	(67,563)
Cash flows from investing activities		
Additions to capital assets - purchased from operating funds	(22,963)	(27,887)
Additions to capital assets - purchased from unexpended capital funds	(112,063)	(17,298)
Advance to Thomas Development Corporation	-	(50,000)
Repayment of advance to Thomas Development Corporation	-	50,000
	(135,026)	(45,185)
Cash flows from financing activities		
Repayment of lease obligation	(14,554)	(13,400)
	(14,554)	(13,400)
Net decrease in cash	(42,388)	(126,148)
Cash, beginning of year	303,047	429,195
Cash, end of year	\$ 260,659	\$ 303,047

See accompanying notes

C.A. PIPPY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

Authority

The C.A. Pippy Park Commission (the Commission) was incorporated in 1968 and operates under authority of the *Pippy Park Commission Act*. The purpose of the Commission is to provide a park-like setting to house the headquarters of the Provincial Government, as well as various government, cultural, educational facilities and Memorial University of Newfoundland. Its affairs are managed by a Board of Commissioners, the majority of whom are appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Commission's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Capital assets

- (i) All capital assets are capitalized at cost at the time of acquisition. Government assistance towards the acquisition of capital assets is deducted from the related capital asset cost with any amortization calculated on the net amount. Amortization is calculated using the declining balance method based on the expected future life of all assets as follows:

Furniture, equipment and vehicles	30%
Recreation centres	10%
Buildings	10%
Park improvements	10%

- (ii) Capital assets are financed primarily through capital grants from the Province of Newfoundland and Labrador. The expended portion of these grants is deducted from capital assets on the balance sheet. The unexpended portion is reported in the equity section on the balance sheet.
- (iii) The cost of building acquisitions is included with land where the primary reason for purchasing the properties is to acquire the land. Where the Commission intends to maintain the buildings for Park use, cost is allocated between land and buildings.

(b) Severance pay

Severance pay is calculated based on years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continual service, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment in the public service. If the employee transfers to another entity included in the public service, then the liability is transferred with the employee to the other entity.

C.A. PIPPY PARK COMMISSION
 NOTES TO FINANCIAL STATEMENTS
 31 March 2004

1. Significant accounting policies (cont.)

(c) Deferred revenue

Deferred revenue represents revenue related to future operating periods. The revenue will be reported in the applicable future period to which it relates.

2. Accounts receivable

	<u>2004</u>	<u>2003</u>
Management fee	\$ 500,000	\$ 250,000
Trade	35,296	60,723
Harmonized sales tax, accrued interest and other	1,953	2,314
	537,249	313,037
Less: allowance for doubtful accounts	501,930	255,140
Net accounts receivable	\$ 35,319	\$ 57,897

C.A. PIPPY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

3. Capital assets

	2004			2003	
	<u>Cost</u>	<u>Capital Grants</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land (Note 3 (a))					
Park	\$ 6,298,433	\$ 6,298,433	\$ -	\$ -	\$ -
Golf course (Note 8)	1,809,696	1,809,696	-	-	-
	8,108,129	8,108,129	-	-	-
Furniture, equipment and vehicles					
Office furniture and equipment	33,949	10,230	19,881	3,838	3,905
Furniture and equipment -					
19 th Hole Lounge	30,309	29,343	145	821	-
North Bank Lodge	14,070	14,070	-	-	-
Trailer park	5,291	-	3,075	2,216	3,165
Equipment	114,319	91,660	17,845	4,814	-
Vehicles	122,841	122,841	-	-	-
Equipment under capital lease	91,748	-	74,788	16,960	24,228
	412,527	268,144	115,734	28,649	31,298
Recreation centres					
19 th Hole Lounge	122,409	76,640	41,696	4,073	4,525
North Bank Lodge	47,709	38,132	8,556	1,021	1,134
Admiral's Quarters	5,424	5,424	-	-	-
Salon C - Clubhouse	5,301	5,301	-	-	-
	180,843	125,497	50,252	5,094	5,659
Buildings					
Trailer park service buildings	351,013	351,013	-	-	-
Headquarters	81,162	81,162	-	-	-
Andrea Gillies					
Equestrian Centre	177,881	98,138	71,431	8,312	9,235
Mechanic shop	51,362	16,970	26,314	8,078	8,975
Greenhouses	56,538	56,538	-	-	-
Registration offices	63,041	59,129	3,382	530	589
	780,997	662,950	101,127	16,920	18,799
Other assets					
Park improvements	1,113,656	1,030,059	41,817	41,780	30,522
	\$ 10,596,152	\$ 10,194,779	\$ 308,930	\$ 92,443	\$ 86,278

C.A. PIPPY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

3. Capital assets (cont.)

(a) Capital assets not included in financial statements

Land purchased directly by the Provincial Government and forming part of C.A. Pippy Park is not recorded in these financial statements. The land recorded in these financial statements represents land purchased directly by the Commission from capital grants.

Capital improvements made by third parties are not recorded in these financial statements.

(b) Title to Commission property

Under Section 10(4) of the *Pippy Park Commission Act*, title to property of the Commission shall be vested in the name of the Minister of Finance, for the Crown.

4. Obligation under capital lease

	<u>2004</u>	<u>2003</u>
Obligation under capital lease	\$ 6,444	\$ 20,998
Less: current portion	<u>6,444</u>	<u>15,767</u>
	\$ -	\$ 5,231

Future minimum lease payments under capital lease are:

2005	\$ 6,570
Less: interest portion of payments	<u>126</u>
	<u>\$ 6,444</u>

The capital lease is secured by equipment having a net book value of \$14,857.

5. Advance from Province of Newfoundland and Labrador

On 30 March 2001, the Commission received a repayable advance in the amount of \$250,000 from the Province of Newfoundland and Labrador. There are no set terms of repayment. The advance payable remained outstanding at year end.

6. Unexpended capital funds

The amounts recorded as unexpended capital funds were provided by the Province of Newfoundland and Labrador in the past to assist the Commission with the acquisition of capital assets. Transactions occurring in the unexpended capital funds account during the year were:

C.A. PIPPY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

6. Unexpended capital funds (cont.)

	<u>2004</u>	<u>2003</u>
Balance, beginning of year	\$ 181,905	\$ 199,203
Less: purchases of capital assets	112,063	17,298
Balance, end of year	\$ 69,842	\$ 181,905

7. Related party transactions

- (a) During the year, the Commission received \$402,921 (2003 - \$402,520) from the Province in operating revenue.
- (b) Services and rental revenue include a significant volume of transactions with the Province as a result of ongoing contracts.

8. Golf course

In August 1989, the Province of Newfoundland and Labrador (the Province) and the Commission entered into a lease agreement with Thomas Development (1989) Corporation (the Corporation) wherein the Province provided land, previously purchased by the Commission and included within the boundaries of C.A. Pippy Park, and the Corporation agreed to construct an 18 hole golf course along with an access road thereto. The lease had an initial term of ten years and provided for a maximum of three five-year extensions for a total of twenty-five years.

The Corporation surrendered the lease on 20 November 1997 and entered into a Management Agreement with the Commission which has a term from 20 November 1997 to 31 December 2004. The Agreement is for the management and operation of both the 9 hole and 18 hole golf courses.

Under the terms of the Agreement, the Corporation is required to pay management fees of \$250,000 to the Commission for each of the years 2002 to 2005. Management fees of \$250,000 for 2002 were subsequently waived by the Commission. The management fees for 2003 and 2004 totalling \$500,000, remain outstanding and are considered doubtful of collection.

C.A. PIPPY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

9. Income from other revenue producing activities

	2004		2003
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
19 th Hole Lounge	\$ 185,062	\$ 170,000	\$ 178,397
North Bank Lodge	4,378	12,000	9,966
Salon C - Clubhouse	6,344	7,000	6,826
	195,784	189,000	195,189
Less: cost of goods sold	98,015	96,000	100,616
	<u>\$ 97,769</u>	<u>\$ 93,000</u>	<u>\$ 94,573</u>

10. Pensions

The Commission and its staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Commission and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Commission's share of pension contributions for 2004 was \$45,905 (2003 - \$37,975).

11. Operating lease obligation

A vehicle has been leased for a four-year term commencing 13 June 2001. Minimum lease payments for the next two years are as follows:

2005	\$4,687
2006	\$ 781

12. Contingent liabilities

- (a) A Statement of Claim was served on the Commission by the Registrar of the Supreme Court of Newfoundland and Labrador. This Statement of Claim results from the failure of the Commission to purchase a parcel of land which is included within the boundaries of the Park or to release this parcel of land for sale to other parties. The land is comprised of 40.2 acres in total, 17.0 acres of which is included within the boundaries of the Park. The likelihood of loss as a result of this Statement of Claim is not determinable and the amount of the loss is not reasonably estimable. Her Majesty the Queen in Right of Newfoundland and Labrador, as represented by the Minister of Works, Services and Transportation, is named as a Second Defendant in the Statement of Claim.

C.A. PIPPY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

12. Contingent liabilities (cont.)

- (b) In July 1999, a Statement of Claim against the operator of the golf course was filed in the Supreme Court of Newfoundland and Labrador. The Statement of Claim results from a personal injury suffered on the golf course. The Commission is named as a Second Defendant in the Statement of Claim and Her Majesty the Queen in Right of Newfoundland and Labrador is named Third Defendant. The Statement of Claim was not served on the parties named until June 2000. The likelihood of loss as a result of this Statement of Claim is not determinable and the amount of the loss is not reasonably estimable.
- (c) In April 2002, the Commission received correspondence from legal counsel representing the estate of an individual who owned a parcel of land located within the boundaries of the Park. The letter indicated that if an agreement cannot be made between the Commission and representatives of the estate with respect to the purchase of the parcel of land for fair market value then legal action would be commenced against the Commission on the basis of constructive expropriation of the property without compensation. As legal action has not yet commenced on this matter the likelihood of loss is not determinable and the amount of the loss is not reasonably estimable.

13. Financial instruments

The Commission's financial instruments recognized in the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities, the carrying values of which approximate fair value due to the short-term maturity or current market rate associated with these instruments. Any estimated impairment of accounts receivable has been provided for through an allowance for doubtful accounts and no further credit risk exists in relation to these receivables.

14. Economic dependence

As a result of its reliance on future transfers from the Province of Newfoundland and Labrador to fund its operations, the Commission's ability to continue operations is dependent on the decisions of the Province.

15. Income taxes

The Commission is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Federal or Provincial income taxes.

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

AUDITORS' REPORT

FINANCIAL STATEMENTS - MARCH 31, 2004

AUDITORS' REPORT

To the Board of Trustees of the **Central East Health Care Institutions Board**

We have audited the consolidated balance sheet of the **Central East Health Care Institutions Board** as at March 31, 2004 and the statements of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2004 and the results of its operations and the changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Gander, Newfoundland

July 26, 2004

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

Consolidated

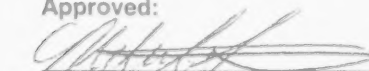
Balance Sheet

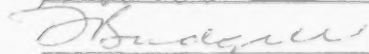
March 31, 2004

	2004	2003
Assets		
Current assets:		
Receivables (Note 3)	\$ 3,793,475	2,643,153
Inventories (Note 4)	919,894	816,093
Prepaid's (Note 5)	<u>1,790,406</u>	<u>1,661,720</u>
Total current assets	6,503,775	5,120,966
Deposit on purchase of capital assets	196,576	50,337
Sponsorships and advances receivable (Note 6)	-	626
Due from NLHC for replacement reserve (Note 13)	134,403	134,403
Residents' trust funds held on deposit	193,067	185,882
Capital assets (Note 7)	<u>16,023,848</u>	<u>18,012,782</u>
	<u>\$ 23,051,669</u>	<u>23,504,996</u>
Liabilities		
Current liabilities:		
Bank indebtedness (Note 8)	\$ 8,140,384	7,718,927
Payables and accruals (Note 9)	7,124,225	6,366,658
Accrued vacation pay	3,392,801	3,095,891
Deferred capital equipment donations	265,713	278,501
Deferred capital grants	1,608,897	1,171,830
Current portion of obligations under capital lease	45,000	66,000
Current portion of long-term debt	229,052	180,346
Current portion of accrued severance pay - estimated	<u>500,000</u>	<u>250,000</u>
Total current liabilities	21,306,072	19,148,153
Long-term debt (Note 10)	4,315,424	4,009,151
Obligations under capital lease (Note 11)	87,193	132,173
Trust funds payable	193,067	185,882
Accrued severance pay, less current portion of \$500,000	8,196,869	7,715,155
Unamortized deferred contributions related to capital assets (Note 12)	11,514,002	13,268,773
Replacement reserve (Note 13)	134,403	134,403
J.M. Olds scholarship and library funds	<u>88,532</u>	<u>85,535</u>
	<u>45,835,562</u>	<u>44,679,225</u>
Net assets, per accompanying statement:		
Net assets invested in capital assets	23,484	393,781
Unrestricted net assets	<u>(22,807,377)</u>	<u>(21,568,010)</u>
	<u>(22,783,893)</u>	<u>(21,174,229)</u>
	<u>\$ 23,051,669</u>	<u>23,504,996</u>

See accompanying notes:

Approved:

 Chairman

 Secretary-Treasurer

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

Consolidated

Statement of Changes in Net Assets

Year ended March 31, 2004

	2004			2003
	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
Balance, beginning:				
As previously reported	\$ 316,456	(21,490,685)	(21,174,229)	(19,138,887)
Prior years' adjustment to reflect purchase of capital assets with unrestricted resources (Note 14)	<u>77,325</u>	(77,325)	-	-
As restated	393,781	(21,568,010)	(21,174,229)	(19,138,887)
Excess (deficiency) of revenue over expenditure	(635,263)	(974,401)	(1,609,664)	(2,035,342)
Investment in capital assets (Note 15)	<u>264,966</u>	(264,966)	-	-
Balance, ending	<u>\$ 23,484</u>	<u>(22,807,377)</u>	<u>(22,783,893)</u>	<u>(21,174,229)</u>

See accompanying notes

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

Consolidated

Statement of Operations

Year ended March 31, 2004

2004

2003

Revenue:

Provincial plan - operating	\$ 59,559,721	56,212,888
MCP physicians salaries	7,502,889	6,510,207
Patient-resident services	3,685,061	3,447,164
CMHC mortgage interest subsidy (Note 10)	111,988	111,988
Capital project funding	728,619	595,679
Other revenue	1,072,345	1,052,243
Board	<u>721,146</u>	<u>673,772</u>
	<u>73,381,769</u>	<u>68,603,941</u>

Expenditure:

Administration	7,341,756	6,880,766
Support services	16,380,795	15,415,921
Nursing inpatient services - acute	17,561,783	16,785,582
- long-term care	8,420,036	8,589,951
Ambulatory care services	4,200,642	4,122,341
Diagnostic and therapeutic services	9,765,468	9,074,905
Medical services	8,320,273	7,063,890
Education services	367,458	393,862
Board	<u>1,013,011</u>	<u>859,903</u>
	<u>73,371,222</u>	<u>69,187,121</u>

Surplus (deficit) prior to other operations 10,547 (583,180)

Primary Health Enhancement Project - net - (1,092)

Surplus (deficit) after other operations 10,547 (584,272)

Non-shareable items:

Amortization of deferred capital grants	4,574,338	4,186,357
Amortization	(5,165,754)	(4,766,034)
Accrued vacation pay - (increase) decrease	(297,081)	(137,768)
Accrued severance pay - (increase) decrease	(731,714)	(733,625)
	<u>(1,620,211)</u>	<u>(1,451,070)</u>

Deficiency of revenue over expenditure \$(1,609,664) (2,035,342)

See accompanying notes

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

Consolidated

Statement of Cash Flow

Year ended March 31, 2004

2004

2003

Cash flows:

Operations:

Deficiency of revenue over expenditure	\$(1,609,664)	(2,035,342)
Amortization	5,209,601	4,809,022
Loss (gain) on disposal of equipment	(37,530)	(3,210)
Amortization of deferred capital grants	<u>(4,574,338)</u>	<u>(4,186,357)</u>
	<u>(1,011,931)</u>	<u>(1,415,887)</u>

Changes in:

Receivables	(1,150,322)	817,873
Inventories	(103,801)	6,598
Prepays	(128,686)	144,286
Payables and accruals	737,567	545,384
Accrued vacation pay	296,910	134,992
Deferred capital equipment donations	(12,788)	153,073
Deferred capital grants	437,067	(2,397,629)
Accrued severance pay	<u>731,714</u>	<u>733,625</u>
	<u>(204,270)</u>	<u>(1,277,685)</u>

Investing:

Deposit on purchase of capital assets	(146,239)	(50,337)
Additions to capital assets	(3,230,134)	(2,698,074)
Additions to leased capital assets	-	(55,535)
Proceeds from disposal of capital assets	46,998	3,210
Sponsorships and advances - net	626	2,380
Due from NLHC for replacement reserve	-	(3,975)
	<u>(3,328,749)</u>	<u>(2,802,331)</u>

Financing:

Repayment of long-term debt	(195,021)	(183,033)
Repayment of capital leases	(65,981)	(128,037)
Net changes in J. M. Olds funds	2,997	(2,482)
Interest income earned for replacement reserve	-	3,975
Grants received for the purchase of capital assets	2,429,953	2,404,024
Donations received for the purchase of capital assets	387,268	232,475
Equipment loan forgiven	2,346	14,079
New loan proceeds	550,000	70,000
Proceeds from capital leases	-	55,535
	<u>3,111,562</u>	<u>2,466,536</u>

Net increase (decrease) in cash (421,457) (1,613,480)

Cash, net of bank indebtedness:

Beginning	<u>(7,718,927)</u>	<u>(6,105,447)</u>
Ending (Note 8)	<u>\$ (8,140,384)</u>	<u>(7,718,927)</u>

See accompanying notes

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

OPERATING FUND

Balance Sheet

March 31, 2004

2004

2003

Assets

Current assets:

Receivables (Note 3)	\$ 3,789,118	2,626,942
Inventories (Note 4)	919,894	816,093
Prepays (Note 5)	<u>1,790,406</u>	<u>1,661,720</u>

Total current assets	6,499,418	5,104,755
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Deposit on purchase of capital assets	196,576	50,337
Due from Board Fund	1,074,741	804,036
Residents' trust funds held on deposit	193,067	185,882
Capital assets (Note 7)	<u>14,677,242</u>	<u>16,622,329</u>

	<u>\$ 22,641,044</u>	<u>22,767,339</u>
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Liabilities

Current liabilities:

Bank indebtedness (Note 8)	\$ 8,177,595	7,753,345
Payables and accruals (Note 9)	7,109,795	6,373,171
Accrued vacation pay	3,393,292	3,096,212
Deferred capital grants	1,608,897	1,171,830
Current portion of obligations under capital lease	45,000	66,000
Current portion of long-term debt	204,310	156,346
Current portion of accrued severance pay	<u>500,000</u>	<u>250,000</u>

Total current liabilities	21,038,889	18,866,904
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Long-term debt (Note 10)	3,470,764	3,140,394
Obligations under capital lease (Note 11)	87,194	132,173
Trust funds payable	193,067	185,882
Accrued severance pay, less current portion of \$500,000	8,196,869	7,715,155
Unamortized deferred contributions related to capital assets (Note 12)	<u>11,514,002</u>	<u>13,268,773</u>
	<u>44,500,785</u>	<u>43,309,281</u>

Net assets, per accompanying statement:

Net assets invested in capital assets	(489,153)	(139,348)
Unrestricted net assets	<u>(21,370,588)</u>	<u>(20,402,594)</u>
	<u>(21,859,741)</u>	<u>(20,541,942)</u>

	<u>\$ 22,641,044</u>	<u>22,767,339</u>
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See accompanying notes

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

OPERATING FUND

Statement of Changes in Net Assets

Year ended March 31, 2004

	2004			2003
	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
Balance, beginning	<u>\$(139,348)</u>	<u>(20,402,594)</u>	<u>(20,541,942)</u>	<u>(18,692,731)</u>
Excess (deficiency) of revenue over expenditure	<u>(591,416)</u>	<u>(726,383)</u>	<u>(1,317,799)</u>	<u>(1,849,211)</u>
Investment in capital assets (Note 15)	<u>241,611</u>	<u>(241,611)</u>	<u>-</u>	<u>-</u>
Balance, ending	<u><u>\$(489,153)</u></u>	<u><u>(21,370,588)</u></u>	<u><u>(21,859,741)</u></u>	<u><u>(20,541,942)</u></u>

See accompanying notes

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

OPERATING FUND

Statement of Operations

Year ended March 31, 2004

2004

2003

Revenue:

Provincial plan	\$ 59,559,721	56,212,888
MCP physicians salaries	7,502,889	6,510,207
Inpatient	626,232	689,383
Outpatient	511,020	504,309
Resident revenue - long-term care	2,547,809	2,253,472
CMHC mortgage interest subsidy (Note 10)	111,988	111,988
Capital project funding	728,619	595,679
Recoveries - services	524,059	569,815
- salaries	355,189	360,819
Other miscellaneous revenue	193,097	121,609
	<u>72,660,623</u>	<u>67,930,169</u>

Expenditure:

Administration	7,341,756	6,880,766
Support services	16,380,795	15,415,921
Nursing inpatient services - acute	17,561,783	16,785,582
- long-term care	8,420,036	8,589,951
Ambulatory care services	4,200,642	4,122,341
Diagnostic and therapeutic services	9,765,468	9,074,905
Medical services	8,320,273	7,063,890
Education services	367,458	393,862
	<u>72,358,211</u>	<u>68,327,218</u>

Surplus (deficit) prior to other operations 302,412 (397,049)

Primary Health Enhancement Project - net - (1,092)

Surplus (deficit) after other operations 302,412 (398,141)

Non-shareable items:

Amortization of deferred capital grants	4,574,338	4,186,357
Amortization	(5,165,754)	(4,766,034)
Accrued vacation pay - (Increase) decrease	(297,081)	(137,768)
Accrued severance pay - (Increase) decrease	(731,714)	(733,625)

Excess (deficiency) of revenue over expenditure (Note 16) \$(1,317,799) (1,849,211)

See accompanying notes

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

OPERATING FUND

Statement of Cash Flow

Year ended March 31, 2004

2004

2003

Cash flows:

Operations:

Deficiency of revenue over expenditure	<u>\$ (1,317,799)</u>	<u>(1,849,211)</u>
Amortization	5,165,754	4,766,034
Loss (gain) on disposal of equipment	6,624	(3,210)
Amortization of deferred capital grants	<u>(4,574,338)</u>	<u>(4,186,357)</u>
	<u>(719,759)</u>	<u>(1,272,744)</u>

Changes in:

Receivables	(1,162,176)	834,083
Inventories	(103,801)	6,598
Prepays	(128,686)	144,286
Due from Board Fund	(270,705)	(299,737)
Payables and accruals	736,624	748,379
Accrued vacation pay	297,081	137,768
Deferred capital grants	437,067	(2,397,629)
Accrued severance pay	<u>731,714</u>	<u>733,625</u>
	<u>(182,641)</u>	<u>(1,365,371)</u>

Investing:

Deposit on purchase of capital assets	(146,239)	(50,337)
Additions to capital assets	(3,230,134)	(2,586,217)
Additions to leased capital assets	-	(55,535)
Proceeds from disposal of capital assets	<u>2,844</u>	<u>3,210</u>
	<u>(3,373,529)</u>	<u>(2,688,879)</u>

Financing:

Repayment of long-term debt	(171,666)	(163,001)
Repayment of capital leases	(65,981)	(128,037)
Grants received for the purchase of capital assets	2,429,953	2,404,024
Donations received for the purchase of capital assets	387,268	232,475
Equipment loan forgiven	2,346	14,079
New loan proceeds	550,000	-
Proceeds from capital leases	-	55,535
	<u>3,131,920</u>	<u>2,415,075</u>

Net increase (decrease) in cash

(424,250) (1,639,175)

Cash, net of bank indebtedness:

Beginning

(7,753,345) (6,114,170)

Ending (Note 8)

\$ (8,177,595) (7,753,345)

See accompanying notes

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

BOARD FUND

Balance Sheet

March 31, 2004

2004

2003

Assets

Current assets:

Cash (Note 8)	\$ 37,211	34,418
Receivables (Note 3)	<u>4,357</u>	<u>16,211</u>

Total current assets	41,568	50,629
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Sponsorships and advances receivable (Note 6)	-	626
---	---	-----

Due from NLHC for replacement reserve (Note 13)	134,403	134,403
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Capital assets (Note 7)	<u>1,346,606</u>	<u>1,390,453</u>
-------------------------	------------------	------------------

	<u>\$ 1,522,577</u>	<u>1,576,111</u>
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Liabilities

Current liabilities:

Payables and accruals (Note 9)	\$ 14,430	13,487
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Accrued vacation pay	(492)	(321)
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Deferred capital equipment donations	265,713	278,501
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Current portion of long-term debt	<u>24,742</u>	<u>24,000</u>
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Total current liabilities	304,393	315,667
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Long-term debt (Note 10)	844,660	868,757
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Due to Operating Fund	1,074,741	804,036
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Replacement reserve (Note 13)	134,403	134,403
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J.M. Olds scholarship and library funds	<u>88,532</u>	<u>85,535</u>
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	<u>2,446,729</u>	<u>2,208,398</u>
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Net assets, per accompanying statement:

Net assets invested in capital assets	435,312	533,129
---------------------------------------	---------	---------

Unrestricted net assets	<u>(1,359,464)</u>	<u>(1,165,416)</u>
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	<u>(924,152)</u>	<u>(632,287)</u>
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	<u>\$ 1,522,577</u>	<u>1,576,111</u>
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See accompanying notes

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

BOARD FUND

Statement of Changes in Net Assets

Year ended March 31, 2004

	2004			2003
	Invested in Capital Assets	Unrestricted	Total	Total
Balance, beginning:				
As previously reported	\$ 455,804	(1,088,091)	(632,287)	(446,156)
Prior years' adjustment to reflect purchase of capital assets with unrestricted resources (Note 14)	<u>77,325</u>	<u>(77,325)</u>	<u>-</u>	<u>-</u>
As restated	533,129	(1,165,416)	(632,287)	(446,156)
Excess (deficiency) of revenue over expenditure	(43,847)	(248,018)	(291,865)	(186,131)
Investment in capital assets (Note 15)	<u>23,355</u>	<u>(23,355)</u>	<u>-</u>	<u>-</u>
Balance, ending	<u>\$ 512,637</u>	<u>(1,436,789)</u>	<u>(924,152)</u>	<u>(632,287)</u>

See accompanying notes

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

BOARD FUND

Statement of Operations

Year ended March 31, 2004	2004	2003
Revenue:		
Real estate rentals	\$ 60,051	20,729
Interest	2,048	-
Incentive grants recoveries	-	200,453
Gain on disposal of Board Fund property	44,154	-
Differentials	<u>26,701</u>	<u>29,387</u>
	132,954	250,569
Bonnews Lodge Apartment Complex	118,587	115,431
Central Northeast Health Foundation	<u>469,605</u>	<u>307,772</u>
	<u>721,146</u>	<u>673,772</u>
Expenditure:		
Real estate, including amortization of \$26,029	234,797	293,451
Non-shareable costs	21,769	17,090
Non-shareable interest	<u>185,566</u>	<u>129,230</u>
	442,132	439,771
Bonnews Lodge Apartment Complex, including amortization of \$17,818	118,587	115,431
Central Northeast Health Foundation	<u>452,292</u>	<u>304,701</u>
	<u>1,013,011</u>	<u>859,903</u>
Excess (deficiency) of revenue over expenditure	<u>\$ (291,865)</u>	<u>(186,131)</u>

See accompanying notes

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

BOARD FUND

Statement of Cash Flow

Year ended March 31, 2004

2004

2003

Cash flows:

Operations:

Deficiency of revenue over expenditure	<u>\$ (291,865)</u>	(186,131)
Amortization	43,847	42,989
Gain on disposal of property	<u>(44,154)</u>	-
	<u>(292,172)</u>	(143,143)

Changes in:

Receivables	11,854	(16,211)
Payables and accruals	943	(202,995)
Accrued vacation pay	(171)	(2,776)
Deferred capital equipment donations	<u>(12,788)</u>	<u>153,073</u>
	<u>(292,334)</u>	<u>(212,052)</u>

Investing:

Sponsorships and advances - net	626	2,380
Due from NLHC for replacement reserve	-	(3,975)
Proceeds on disposal of property	44,154	-
Additions to capital assets	<u>-</u>	<u>(111,857)</u>
	<u>44,780</u>	<u>(113,452)</u>

Financing:

Repayment of long-term debt	(23,355)	(20,032)
New loan proceeds	-	70,000
Interest earned by J.M. Olds funds	3,747	3,819
Payments from J. M. Olds scholarship fund	(750)	(6,300)
Interest income earned by replacement reserve	-	3,975
Increase (decrease) in due to operating fund	<u>270,705</u>	<u>299,737</u>
	<u>250,347</u>	<u>351,199</u>

Net increase in cash

2,793 25,695

Cash:

Beginning

34,418 8,723

Ending

\$ 37,211 34,418

See accompanying notes

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

Notes to the Financial Statements

March 31, 2004

1. Nature of operations:

These financial statements reflect the operating assets, liabilities, revenue and expenditure of the following facilities and clinics operated by the Central East Health Care Institutions Board.

Facilities

James Paton Memorial Hospital
Fogo Island Hospital
Notre Dame Bay Memorial Health Care
Brookfield Bonnews Health Care Centre

Lakeside Homes
Bonnews Lodge Apartment Complex
Central Northeast Health Foundation

Clinics

Carmanville
Centreville
Eastport
Gambo
Gander Bay

Glovertown
Hare Bay
Musgrave Harbour
New World Island
St. Brendan's

The operations of the above entities were primarily funded by the Government of Newfoundland and Labrador (the Government) to provide health care services on the Government's behalf, causing all entities to be effectively under common control. As a result, these financial statements have been prepared using the pooling of interest method of accounting. Under this method, the book values of assets, liabilities and net assets of each of the entities being combined are added together to form the combined value of assets, liabilities and net assets of the Board.

2. Summary of significant accounting policies:

Inventories

Inventories are valued determined on the first in first out basis, as follows:

General stores, at average cost
Drugs, at cost

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are being amortized on a straight line basis over their useful lives, at the following rates:

Buildings and service equipment	2.5%
Equipment	12.5%
Information systems	33.3%
Motor vehicles	20.0%

(Continued . . .)

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

Notes to the Financial Statements

March 31, 2004

2. Summary of significant accounting policies (continued):

Capital assets (continued)

In addition, the Bonnews Lodge Apartment Complex building is being amortized at a rate equal to the annual principal reduction of the mortgage related to this property. This is in accordance with an operating agreement with Newfoundland and Labrador Housing Corporation.

Replacement reserve

Newfoundland and Labrador Housing Corporation (NLHC) maintains a consolidated Replacement Reserve Fund to maintain and account for replacement reserve funds for Non-Profit Housing groups. Prior to 1996, the group was responsible for its own replacement reserve. NLHC provides the organization with an annual statement as of March 31, indicating its reserve balance. The funds in the account may only be used as approved by NLHC. Withdrawals are credited to interest first and then principal.

Transactions in the reserve are shown in Note 13.

Revenue recognition

Central East Health Care Institutions Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions related to capital assets are deferred and amortized to revenue at the same rates which the related capital assets are amortized.

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

Notes to the Financial Statements

March 31, 2004

3. Receivables:

		2004		2003
	Operating Fund	Board Fund	Consolidated	Consolidated
Provincial plan grants - operating	\$ 225,410	-	225,410	-
Capital grants	1,288,500	-	1,288,500	330,000
Patients, capital donations, rents and other	1,081,062	-	1,081,062	1,091,995
MCP	1,188,671	-	1,188,671	1,181,281
HST	196,102	-	196,102	168,257
Due from Newfoundland and Labrador Housing Corporation	-	4,357	4,357	16,211
	3,979,745	4,357	3,984,102	2,787,744
Allowance for doubtful	190,627	-	190,627	144,591
	<u>\$ 3,789,118</u>	<u>4,357</u>	<u>3,793,475</u>	<u>2,643,153</u>

4. Inventories:

	2004	2003
General stores	\$ 424,147	357,102
Drugs	495,747	458,991
	<u>\$ 919,894</u>	<u>816,093</u>

5. Prepaids:

	2004	2003
Deposit on equipment leases	\$ 7,415	6,865
Equipment maintenance	158,525	167,280
Malpractice insurance	133,028	95,155
General insurance	69,653	-
Workers' Compensation	1,306,356	1,308,257
Other	115,429	84,163
	<u>\$ 1,790,406</u>	<u>1,661,720</u>

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

Notes to the Financial Statements

March 31, 2004

6. Sponsorships and advances receivable:

	2004	2003
Board Fund:		
Dr. Yousif - short term residency advances	\$ -	626

7. Capital assets:

	2004		2003
	Cost	Accumulated Amortization	Net Book Value
Operating Fund:			
Land	\$ 78,239	-	78,239
Buildings and service equipment	28,073,395	18,648,197	9,425,198
Equipment	25,967,163	22,299,732	3,667,431
Equipment under capital lease	1,938,182	1,111,558	826,624
Information systems	3,035,079	2,449,814	585,265
Motor vehicles	599,574	505,089	94,485
Motor vehicles under capital lease	94,705	94,705	-
	<u>59,786,337</u>	<u>45,109,095</u>	<u>14,677,242</u>
Board Fund:			
Land	31,229	-	31,229
Buildings	1,862,362	555,575	1,306,787
Equipment	154,002	145,412	8,590
	<u>2,047,593</u>	<u>700,987</u>	<u>1,346,606</u>
	<u>\$ 61,833,930</u>	<u>45,810,082</u>	<u>16,023,848</u>

8. Bank indebtedness:

	2004	2003
Operating fund:		
Cash	\$ 5,450	6,200
Due to bank on current account	(53,045)	(4,545)
Bank demand loans	<u>(8,130,000)</u>	<u>(7,755,000)</u>
	<u>(8,177,595)</u>	<u>(7,753,345)</u>
Board fund:		
Cash	<u>37,211</u>	<u>34,418</u>
	<u>\$(8,140,384)</u>	<u>(7,718,927)</u>

The Board has access to a \$11 million line of credit in the form of revolving demand loans bearing interest at Bank of Nova Scotia prime. These loans have been approved by the Minister of Health and Community Services.

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

Notes to the Financial Statements

March 31, 2004

9. Payables and accruals:

	2004		2003
	Operating Fund	Board Fund	Consolidated Totals
Trade	\$ 3,923,955	-	3,923,955
Provincial Plan revenue grants - current year	150,160	-	150,160
Employee portion of EI premiums reduction	14,847	-	14,847
Payroll deductions	971,609	-	971,609
Unused donations - education	42,900	-	42,900
Residents comfort fund	22,722	-	22,722
Accrued - wages	1,936,707	-	1,936,707
- interest	17,768	14,430	32,198
- other	29,127	-	29,127
	<u>\$ 7,109,795</u>	<u>14,430</u>	<u>7,124,225</u>
			<u>6,386,658</u>

10. Long-term debt:

	2004	2003
Operating Fund:		
5.9% CMHC 1 st mortgage on Bonnews Lodge; repayable in equal monthly installments of \$10,547, interest included; maturing April, 2011	\$ 733,097	814,217
6.45% CMHC mortgage on Lakeside Homes; repayable in equal monthly installments of \$15,521, interest included; maturing April, 2020	1,839,716	1,903,108
7.5% CMHC mortgage on Lakeside Homes; repayable in equal monthly installments of \$4,574, interest included; maturing July, 2023	564,485	577,069
Prims plus 1% Bank of Nova Scotia deferred demand loan; repayable in equal monthly installments of \$3,056, plus interest; maturing November, 2018	537,776	-
Organan Teknika equipment loan; repayable through contracted supply purchases; matured during year	-	2,346
	3,675,074	3,296,740
Less current portion	204,310	156,346
	<u>3,470,764</u>	<u>3,140,394</u>

(Continued)

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

Notes to the Financial Statements

March 31, 2004

10. Long-term debt (continued):

	<u>2004</u>	<u>2003</u>
Operating Fund balance forward	<u>\$ 3,470,764</u>	<u>3,140,394</u>
Board Fund:		
5.5% Newfoundland and Labrador Housing Corporation 1 st mortgage on Bonnews Apartment Complex; repayable in equal monthly installments of \$4,718, interest included; maturing November 2024, renewable on an annual basis	<u>701,985</u>	<u>719,803</u>
5.3% Bank of Nova Scotia 1 st mortgage on land and building at 1 Newman's Hill, Twillingate; repayable in equal monthly installments of \$447, interest included; maturing November, 2024	<u>67,660</u>	<u>69,430</u>
5.3% Bank of Nova Scotia 1 st mortgage on land and building at 42 Howletts Rd., Twillingate; repayable in equal monthly installments of \$372, interest included; maturing July, 2020	<u>48,780</u>	<u>50,629</u>
5.3% Bank of Nova Scotia 1 st mortgage on land and building at 30 Smiths Lane, Twillingate; repayable in equal monthly installments of \$387, interest included; maturing August, 2020	<u>50,977</u>	<u>52,895</u>
	<u>869,402</u>	<u>892,757</u>
Less current portion	<u>24,742</u>	<u>24,000</u>
	<u>844,660</u>	<u>868,757</u>
Consolidated totals	<u>\$ 4,315,424</u>	<u>4,009,151</u>

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

	<u>Operating Fund</u>	<u>Board Fund</u>
2005	\$ 204,310	24,742
2006	214,957	26,111
2007	226,284	27,554
2008	238,334	29,077
2009	251,155	31,994

(Continued)

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

Notes to the Financial Statements

March 31, 2004

10. Long-term debt (continued):

Interest subsidy:

The Board has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce operating costs. The amount of assistance received from Newfoundland and Labrador Housing Corporation in 2004 was \$111,988 for the Operating Fund facilities and \$62,874 for the Bonnews Lodge Apartment Complex.

11. Obligations under capital lease:

The Board has entered into a number of agreements whereby it leases certain equipment for terms ranging from three to six years. These leases are accounted for as capital leases with the Board treating the equipment as an acquisition of an asset and the assumption of an obligation. The effective interest rates range from 6.78% to 16.37%.

The following is a schedule of future minimum lease payments under the capital leases:

	<u>2004</u>	<u>2003</u>
Year ending March 31		
2004	\$ -	82,943
2005	67,160	67,160
2006	56,864	56,864
2007	<u>22,404</u>	<u>22,404</u>
Total minimum lease payments	146,428	229,371
Less amount representing interest	<u>14,234</u>	<u>31,198</u>
Balance of obligation	132,194	198,173
Less current portion	<u>45,000</u>	<u>66,000</u>
	<u>\$ 87,194</u>	<u>132,173</u>

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

Notes to the Financial Statements

March 31, 2004

12. Unamortized deferred contribution related to capital assets:

Deferred contributions related to capital assets represent restricted contributions with which capital assets were originally purchased. The changes in the deferred contributions for the year are as follows:

	<u>2004</u>	<u>2003</u>
Balance, beginning	\$ 13,268,773	14,804,552
Add:		
Capital equipment grants	2,429,953	2,404,024
Donated equipment	387,268	232,475
Equipment loans forgiven	<u>2,346</u>	<u>14,079</u>
	16,088,340	17,455,130
Less amortization	<u>4,574,338</u>	<u>4,186,357</u>
Balance, ending	<u>\$ 11,514,002</u>	<u>13,268,773</u>

13. Replacement reserve:

	<u>2004</u>			<u>2003</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Total</u>
Balance, beginning:				
As previously reported	\$ 109,252	39,291	148,543	144,568
Prior year's capital expenditures approved from reserve	<u>-</u>	<u>(14,140)</u>	<u>(14,140)</u>	<u>(14,140)</u>
As restated	109,252	25,151	134,403	130,428
Interest earned	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,975</u>
Balance ending	<u>\$ 109,252</u>	<u>25,151</u>	<u>134,403</u>	<u>134,403</u>

These financial statements have been adjusted retroactively to reflect this subsequent approval of capital expenditures out of the Replacement Reserve.

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

Notes to the Financial Statements

March 31, 2004

14. Prior years' adjustments:

During 2000 and 2003 fiscal years the Board purchased certain residences at Twillingate by way of long-term mortgages and down payments from unrestricted funds.

This use of unrestricted resources was not reflected at that time in the Board's "Invested in Capital Assets".

The adjustments required have now been reflected in the financial statements on a retroactive basis.

15. Investment in capital assets:

	<u>2004</u>	<u>2003</u>
Operating fund:		
Purchase of capital assets with unrestricted resources	\$ 9,152	-
Repayment of long-term debt	171,666	163,001
Repayment of capital leases	<u>65,981</u>	<u>128,037</u>
	246,799	291,038
Less capital grants received for above payments	<u>5,188</u>	<u>14,018</u>
	<u>241,611</u>	<u>277,020</u>
Board fund:		
Purchase of capital assets with unrestricted resources	-	37,023
Repayment of long-term debt	<u>23,355</u>	<u>20,032</u>
	<u>23,355</u>	<u>57,055</u>
	<u>\$ 264,966</u>	<u>334,075</u>

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

Notes to the Financial Statements

March 31, 2004

16. Commitments:

Operating leases

The Board has a number of agreements whereby it leases equipment and property in addition to those disclosed under Note 11. These agreements range in terms from one to three years. These leases are accounted for as operating leases. Future minimum lease payments under operating leases are as follows:

2005	\$ 72,306
2006	32,019
2007	714

Energy performance contract

The Board entered into an Energy Performance Contract on July 25, 1997 with Enerplan Consultants Ltd. for the design and implementation of measures to improve energy efficiency, wherein Enerplan guaranteed the energy savings component.

The contract has been crystallized at \$1,247,329 and is to be repaid from operating and energy savings over a ten year period having commenced January 1, 2000.

As support for the financing, Enerplan Consultants Ltd. has assigned to Associates Capital Limited any funds due to them by the Board for the energy savings component of the contract.

In the opinion of management of the Board, the guaranteed energy savings component of Enerplan Consultants Limited is an offset to the obligation of the Board to Associates Capital Limited and as a consequence neither the capital expenditure or the financing obligation is reflected in the financial statements of the Board at March 31, 2004.

17. Contingency

As of March 31, 2004 there were a number of legal claims against the Board in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Board with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

CENTRAL REGIONAL HEALTH AND COMMUNITY
SERVICES BOARD

AUDITORS' REPORT

FINANCIAL STATEMENTS - MARCH 31, 2004

AUDITORS' REPORT

To the directors of **Central Regional Health and Community Services Board**

We have audited the statement of financial position of **Central Regional Health and Community Services Board** as at March 31, 2004 and the statements of changes in net assets, operations, cash flow and operations and fund balance - Board Fund for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2004 and the results of its operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Walters HOFFE
Chartered Accountants

Gander, Newfoundland

June 24, 2004

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Statement of Financial Position

March 31, 2004

2004

2003

Assets

Current assets:

Receivables (Note 3)

\$ 466,746

2,386,240

Prepaid expenses

410,051

448,315

Total current assets

876,797

2,834,555

Capital assets (Note 4)

530,731

600,568

\$ 1,407,528

3,435,123

Liabilities and Equity

Current liabilities:

Due to bank - on current account (Note 5)

\$ 268,047

2,157,319

- on demand loan (Note 5)

1,695,000

-

Payables and accruals

1,444,867

1,557,363

Accrued vacation pay

1,027,700

919,500

Deferred grants (Note 6)

1,388,974

2,072,832

Current portion of accrued severance pay (Note 2(d))

100,000

100,000

Total current liabilities

5,924,588

6,807,014

Due to Board Fund(Schedule 1)

548,891

530,433

Accrued severance pay (Note 2(d))

2,211,600

2,082,000

Equity (deficit), per accompanying statement

(7,277,551)

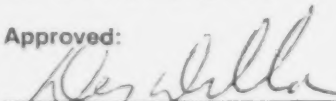
(5,984,324)

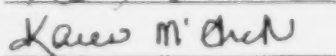
\$ 1,407,528

3,435,123

See accompanying notes

Approved:

 Chairman

 Administrator

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Statement of Changes in Net Assets

Year ended March 31, 2004

	2004			2003
	<u>Operating</u>	<u>Unfunded Severance and Vacation Pay</u>	<u>Capital Assets</u>	<u>Total</u>
Balance (deficit), beginning	\$(2,897,824)	(3,101,500)	15,000	(5,984,324)
Current year's surplus (deficit), per accompanying statement	<u>(1,055,427)</u>	<u>(237,800)</u>	<u>-</u>	<u>(1,293,227)</u>
Balance (deficit), ending	<u>\$(3,953,251)</u>	<u>(3,339,300)</u>	<u>15,000</u>	<u>(5,984,324)</u>

See accompanying notes

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Statement of Operations

Year ended March 31, 2004

2004

2003

Revenue:

Provincial government operating grant	\$ 41,801,245	40,937,482
National child benefit	1,263,186	998,596
Early childhood development	842,473	301,445
Board fund grant (Note 10)	26,172	1,678
MCP revenue	152,279	122,425
Other revenue (Note 7)	731,668	570,019
Total revenue	44,817,023	42,931,645

Shareable expenditures:

Administrative and support services	3,874,801	4,179,617
Community and social services:		
Addiction	359,359	333,088
Continuing care	13,193,515	12,290,128
Health promotion	3,231,077	2,898,537
Health protection	187,850	155,251
Mental health	889,849	829,130
Child youth FS	7,493,798	6,118,385
Family rehab	15,778,236	15,044,329
Community corrections	863,965	824,235
Total shareable expenditures	45,872,450	42,672,700

Excess (deficiency) of revenue over expenditures from operations (1,055,427) 258,945

Non-shareable expenditures (income):

Amortization of deferred capital grants	(154,353)	(155,330)
Amortization of capital assets	154,353	155,330
Accrued - severance pay	129,600	309,000
- vacation pay	108,200	117,300
	237,800	426,300

Excess (deficiency) of revenue over expenditures \$(1,293,227) (167,355)

See accompanying notes

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Statement of Cash Flow

Year ended March 31, 2004

2004

2003

Cash flows:

Operations:

Excess (deficiency) of revenue over expenditures	<u>\$(1,293,227)</u>	(167,355)
Amortization of capital assets	154,353	155,330
Amortization of deferred capital grants	<u>(154,353)</u>	<u>(155,330)</u>
	(1,293,227)	(167,355)

Changes in:

Receivables	1,919,494	310,858
Prepaid expenses	38,264	91,174
Payables and accruals	(112,496)	(127,930)
Accrued vacation pay	108,200	117,300
Deferred operating grant	(552,972)	316,315
Due to Board Fund	18,458	66,061
Accrued severance pay	<u>129,600</u>	<u>309,000</u>
	<u>255,321</u>	<u>915,423</u>

Investing:

Purchase of capital assets	<u>(84,516)</u>	<u>(205,863)</u>
----------------------------	------------------	-------------------

Financing:

Contributions from Board Fund re capital assets	4,548	-
Capital grants	<u>18,919</u>	<u>23,776</u>
	<u>23,467</u>	<u>23,776</u>

Net increase in cash and cash equivalents

194,272 733,336

Cash and cash equivalents:

Beginning (2,157,319) (2,890,655)

Ending \$(1,963,047) (2,157,319)

Cash and cash equivalents:

Due to bank - on current account	<u>\$(268,047)</u>	(2,157,319)
- on demand loan	<u>(1,695,000)</u>	-
	<u>\$(1,963,047)</u>	<u>(2,157,319)</u>

See accompanying notes

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Schedule 1.

Statement of Operations and Fund Balance
Board Fund

Year ended March 31, 2004

2004

2003

Revenue:

Interest and donations

\$ 126,868

82,991

Expenditures:

Legal fees

4,703

-

Board meetings, conferences and insurance

6,308

9,505

Volunteer manual

50,000

-

Donations and miscellaneous

6,753

4,573

Fees and dues

8,822

-

Interest expense

1,104

1,174

77,690

15,252

Excess of revenue over expenditures

\$ 49,178

67,739

Fund balance:

Balance, beginning

\$ 530,433

464,372

Transferred to operating revenue (Note 10)

(26,172)

(1,678)

Transferred to capital expenditures

(4,548)

-

Excess of revenue over expenditures (above)

49,178

67,739

Balance, ending

\$ 548,891

530,433

See accompanying notes

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Notes to the Financial Statements

March 31, 2004

1. Nature of organization:

The Central Regional Health and Community Services Board is responsible for ensuring that residents of Central Newfoundland have access to quality services and programs enabling them to achieve an optimum level of health, consistent with government policy and within available resources.

The Board operates under the Health and Community Services Act with funding provided by the Government of Newfoundland and Labrador and is exempt from income taxes under the Income Tax Act.

2. Significant accounting policies:

These financial statements have been prepared in accordance with generally accepted accounting principles. Outlined below are those policies considered particularly significant by the Board.

(a) Capital assets:

Major equipment purchases are recorded at full cost except for assets transferred under restructuring program in 1994 and 1999, which are recorded at estimated fair market value.

The Board provides for amortization on its capital assets on the diminishing balance basis at the following rates:

Building	5%
Equipment	20%
Computer equipment	30%

(b) Deferred contributions:

Grants received from the Province of Newfoundland and Labrador and the Board Fund relating to the acquisition of capital assets are recorded as deferred contributions and are amortized to income on the same basis as the related capital asset is amortized. During the year, capital grants in the amount of \$18,919 (2003 - \$23,776) was received from the Department of Health and Community Services. In addition, \$4,548 (2003 - nil) was transferred from the Board Fund.

(c) Supplies:

Supplies are charged to the applicable program cost when purchased.

(d) Severance pay:

The Board is liable for severance pay to employees who have nine or more years of continuous service. An amount has been recorded in the financial statements to reflect this liability. No provision for severance has been made for employees with less than the required years of service.

(e) Revenue recognition:

The Board follows the deferred method of accounting for contributions which include donations and government grants.

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Notes to the Financial Statements

March 31, 2004

3. Receivables:

	<u>2004</u>	<u>2003</u>
Grants - operating and other	\$ 328,469	2,234,241
HST rebate	86,111	78,339
Other	<u>52,166</u>	<u>73,660</u>
	<u>\$ 466,746</u>	<u>2,386,240</u>

4. Capital assets:

	<u>2004</u>		<u>2003</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Land	\$ 15,000	-	15,000
Building	79,318	22,398	59,916
Equipment - office	499,761	395,741	104,020
- medical	273,419	225,307	48,112
Computer equipment - hardware	801,181	513,025	288,156
- software	<u>108,313</u>	<u>89,790</u>	<u>18,523</u>
	<u>\$ 1,776,992</u>	<u>1,246,261</u>	<u>600,568</u>

5. Bank indebtedness:

The Board had an authorized overdraft, supported by an authorization to borrow from the Province, of \$5,000,000 at March 31, 2004. This authority to borrow and related overdraft expired April 30, 2004.

6. Deferred grants:

	<u>2004</u>	<u>2003</u>
Operating	\$ 321,577	385,726
National Child Benefit Program	245,561	673,393
Early Childhood Development Program	214,785	275,776
Child Youth and Family Services Act	12,781	12,781
Capital	<u>594,270</u>	<u>725,156</u>
	<u>\$ 1,388,974</u>	<u>2,072,832</u>

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Notes to the Financial Statements

March 31, 2004

7. Other revenue:

	<u>2004</u>	<u>2003</u>
Children's federal allowance	\$ 136,019	-
Cervical screening program	111,885	-
Secondments	-	162,741
WCC recoveries	24,458	51,077
Travel recoveries	7,642	24,714
Bridge funding - youth profiling project	78,232	72,044
September 11 funding	-	21,905
Recoveries - Home Support	121,204	107,459
Conne River Services contract	86,549	47,251
Vaccine Program	23,583	18,240
Salary recoveries	92,900	28,405
Other	<u>49,196</u>	<u>36,183</u>
	<u>\$ 731,668</u>	<u>570,019</u>

8. Equity:

During a prior year the provincial government instituted a three year global funding plan for health care institutions. Under this plan, operating surpluses/deficits were not to be credited/charged to the Board fund until the three years expired. The three years expired at March 31, 1999 and government is reviewing the results of operations to decide on the appropriate treatment of these operating surpluses/deficits.

9. Commitments:

At balance sheet date the Board is committed to various leases for office space in the approximate amount of \$50,000 monthly. Some of these leases expire at various times over the next year. Many of the facilities are being rented on a month to month basis.

10. Transfer to operating revenue:

During the year the Board transferred \$26,172 to operating fund revenue to cover expenditures relating to the following special projects:

IT support position	\$ 21,427
Research assistant	2,745
Donation - Med Quest	2,000

These expenditures have been reflected as operating fund expenditures on the statement of operations.

11. Comparative figures:

Certain of the 2003 comparative figures have been reclassified to conform to the financial presentation adopted in 2004.

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD Supplementary
Information

Statement of Operations by Expense Category

Year ended March 31, 2004

2004

2003

Revenue:

Provincial government operating grant	\$ 41,801,245	40,937,482
National child benefit	1,263,186	998,596
Early childhood development	842,473	301,445
Board fund grant	26,172	1,678
MCP revenue	152,279	122,425
Other (Note 7)	<u>731,668</u>	<u>570,019</u>
Total revenue	<u>44,817,023</u>	<u>42,931,645</u>

Shareable expenditures:

Compensation:

NLNU	6,000,953	5,892,135
Management - HL	2,161,059	2,379,103
NAPE and AAHP	7,816,440	6,935,820
Other	11,363	12,161
Medical	<u>153,078</u>	<u>125,205</u>
Total compensation	<u>16,142,893</u>	<u>15,344,424</u>

Supplies:

Drugs	21,130	25,090
Medical/surgical	346,896	321,398
Other supplies	<u>235,672</u>	<u>170,558</u>
Total supplies	<u>603,698</u>	<u>517,046</u>

Direct client costs	26,140,754	24,043,472
Sundry and referred out services	2,581,009	2,318,499
Building, grounds and equipment	<u>404,096</u>	<u>449,259</u>
Total non-compensation costs	<u>29,729,557</u>	<u>27,328,276</u>
Total shareable expenditures	<u>45,872,450</u>	<u>42,672,700</u>

Excess (deficiency) of revenue over expenditures from operations (1,055,427) 258,945

Non-shareable expenditures:

Amortization of deferred capital grants	(154,353)	(155,330)
Amortization of capital assets	154,353	155,330
Accrued - severance pay	129,600	309,000
- vacation pay	<u>108,200</u>	<u>117,300</u>
Total non-shareable expenditures	<u>237,800</u>	<u>426,300</u>

Excess (deficiency) of revenue over expenditures \$(1,293,227) (167,355)

See accompanying notes

CENTRAL WEST HEALTH CORPORATION
OPERATING FUND FINANCIAL STATEMENTS

MARCH 31, 2003

KAREN M. FREAKE
Chartered Accountant

AUDITOR'S REPORT

To the Board of Directors of the
Central West Health Corporation

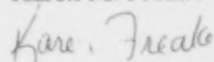
I have audited the operating fund balance sheet of the Central West Health Corporation as at March 31, 2003 and the operating fund statements of revenue, expenditure and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the operating fund of the Corporation as at March 31, 2003 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Grand Falls-Windsor, Newfoundland
June 26, 2003

Karen M. Freake



Chartered Accountant

KAREN M. FREAKE CHARTERED ACCOUNTANT

CENTRAL WEST HEALTH CORPORATION
Operating Fund Balance Sheet
March 31

2003

2002

Assets

Current

Cash	\$ 189,750	\$ 2,083,757
Receivables (Note 3)	3,474,678	6,041,908
Inventories, at cost	865,916	785,477
Prepaid expenses	<u>1,871,956</u>	<u>2,281,548</u>

6,402,300 11,192,690

Capital assets (Note 4)

45,797,715 40,866,381

Trust funds held on deposit

360,314 364,382

Deferred charges

87,360

\$ 52,647,689 \$ 52,423,453

Liabilities

Current

Bank Indebtedness	\$ 1,100,575	
Payables and accruals	4,503,484	\$ 8,538,224
Deferred severance revenue		90,961
Vacation pay accrual	4,156,910	3,786,788
Current portion of long term debt	720,890	305,919
Current portion of obligations under capital lease	49,603	49,603
Deferred contributions-operating	256,612	165,974
Deferred contributions-capital	<u>1,156,528</u>	<u>2,897,501</u>

11,944,602 15,834,970

Severance pay accrual

9,972,413 8,304,816

Trust funds payable

360,314 364,382

Long term debt (Note 5)

18,837,268 15,197,386

Obligations under capital leases (Note 6)

49,603

Deferred contributions

Unamortized portion of capital asset contributions

(Note 7)

10,373,093 7,655,428

51,487,690 47,406,585

Equity

Unrestricted net assets (Note 8) (33,805,248) (29,948,379)

Net assets invested in capital assets (Note 9) 34,965,247 34,965,247

1,159,999 5,016,868

Total Liabilities and Equity

\$ 52,647,689 \$ 52,423,453

Contingencies and commitments (Notes 10 and 11)

On behalf of the Board

See accompanying notes to the financial statements.

KAREN M. FREAKE CHARTERED ACCOUNTANT

CENTRAL WEST HEALTH CORPORATION
Operating Fund Statement of Revenue and Expenditure
For the year ended March 31

2003

2002

Revenue

Provincial plan	\$ 72,261,694	\$ 67,064,610
MCP physician revenue	5,244,459	4,232,378
Inpatient	425,292	287,979
Outpatient	750,784	475,551
Resident's rents	5,171,115	4,864,674
Mortgage interest subsidy	37,520	37,520
Other income	<u>1,768,231</u>	<u>1,080,388</u>
	<u>85,659,095</u>	<u>78,043,100</u>

Expenditure

Administration	8,330,543	8,073,194
Ambulatory care services	7,442,234	6,703,736
Diagnostic and therapeutic services	12,742,762	12,401,693
Education	950,095	778,393
Medical services	7,018,575	5,728,264
Nursing inpatient services	31,294,067	27,097,077
Support services	<u>17,797,433</u>	<u>16,990,311</u>
	<u>85,575,709</u>	<u>77,772,668</u>

Excess of revenue over expenditure before other operations 83,386 270,432

Outreach programs 65,598 84,231

Excess of revenue over expenditure
before non shareable revenue and expenditure 17,788 186,201

Non shareable revenue and expenditure

Amortization of deferred capital asset contributions	1,011,038	745,285
Depreciation of capital assets	(2,847,976)	(2,934,054)
Increase in provision for severance pay	(1,667,597)	(683,378)
Increase in provision for vacation pay	<u>(370,122)</u>	<u>(357,433)</u>
	<u>(3,874,657)</u>	<u>(3,229,580)</u>

Excess of expenditure over revenue \$ (3,856,869) \$ (3,043,379)

See accompanying notes to the financial statements.

KAREN M. FREAKE CHARTERED ACCOUNTANT

CENTRAL WEST HEALTH CORPORATION**Operating Fund****Statement of Changes in Financial Position****For the year ended March 31****2003****2002**

Cash derived from (applied to)

Operating

Excess of expenditure over revenue	\$ (3,856,869)	\$ (3,043,379)
Amortization of deferred charges	2,122	15,034
Amortization of deferred capital asset contributions	(1,011,038)	(745,285)
Depreciation	<u>3,489,967</u>	<u>3,171,253</u>
	(1,375,818)	(602,377)

Change in non-cash operating working capital

Receivables	2,567,230	(3,545,838)
Inventories	(80,439)	46,281
Prepays	409,592	(370,070)
Deferred charges	(89,481)	
Payables and accruals	(4,034,740)	3,211,335
Deferred severance revenue	(90,961)	
Vacation pay accrual	370,122	357,433
Severance pay accrual	<u>1,667,597</u>	<u>683,378</u>
	(656,898)	(219,858)

Financing

Deferred contributions		
Operating	90,638	135,505
Capital	(1,740,973)	482,120
Board equity contribution		735,210
Capital contributions	3,728,702	3,352,024
Issue of long term debt	4,647,241	2,517,671
Repayment of long term debt	<u>(641,991)</u>	<u>(264,195)</u>
	6,083,617	6,958,335

Investing

Net purchase of capital assets	<u>(8,421,301)</u>	<u>(6,044,650)</u>
--------------------------------	--------------------	--------------------

Net (decrease) increase in cash	\$ <u>(2,994,582)</u>	\$ <u>693,827</u>
---------------------------------	-----------------------	-------------------

Cash, beginning of year	\$ 2,083,757	\$ 1,389,930
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Net (decrease) increase in cash	<u>(2,994,582)</u>	<u>693,827</u>
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Bank indebtedness, net of cash, end of year	\$ <u>(910,825)</u>	\$ <u>2,083,757</u>
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See accompanying notes to the financial statements.

KAREN M. FREAKER CHARTERED ACCOUNTANT

CENTRAL WEST HEALTH CORPORATION
Notes to the Operating Fund Financial Statements
March 31, 2003

1. Nature of operations

These financial statements reflect the operation assets, liabilities, net assets, revenues and expenditures of the following facilities and clinics operated by the Central West Health Corporation.

Facilities

A.M. Guy Memorial Health Centre
Baie Verte Peninsula Health Centre
Carmelite House Senior Citizens Home
Central Newfoundland Regional Health Centre
Green Bay Community Health Centre

Dr. Hugh Twomey Health Care Centre
Connaigre Peninsula Health Centre
North Haven Manor Senior Citizens Home
Valley Vista Senior Citizens' Home

Clinics

Hermitage
La Scie
Lewisporte
Mose Ambrose
St. Alban's

The operations of the above entities were primarily funded by the Government of Newfoundland and Labrador (the Government) to provide health care services on the Government's behalf, causing all entities to be effectively under common control. As a result, these financial statements have been prepared using a pooling of interest method of accounting. Under this method, the book values of assets, liabilities and net assets of each of the entities being combined are added together to form the combined value of assets, liabilities and net assets of the Corporation.

2. Summary of significant accounting policies

The financial statements of the Corporation have been prepared within the framework of Canadian generally accepted accounting principles which requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the Corporation are as follows:

Basis of presentation

The Corporation applies fund accounting principles in recording its financial transactions in the Operating Fund.

KAREN M. FREAKE CHARTERED ACCOUNTANT

CENTRAL WEST HEALTH CORPORATION
Notes to the Operating Fund Financial Statements
March 31, 2003

2. Summary of significant accounting policies (continued).

Basis of presentation (continued)

The Operating Fund contains all the operating assets, liabilities, revenue and expenditure of the Corporation related to the provision of hospital services. The assets of the Operating Fund are available for the satisfaction of debts, contingent liabilities and commitments of the Corporation.

Inventories

Inventories are valued at cost, determined on the first-in first-out basis.

Capital assets

The Corporation has recorded all capital assets over which it has control although title to certain of these assets rests with the Government. Capital assets recorded prior to the merger are recorded at either cost, nominal, or approximate fair value, on the basis of accounting used by the predecessor entities. Capital assets acquired after April 1, 1995 are recorded at cost. Depreciation is recorded on a straight-line basis over the estimated useful lives of the related assets at the following rates:

Land improvements	10%
Buildings	5%
Equipment and vehicles	10-20%

Construction in progress is not depreciated until the project is substantially complete at which time the project costs are transferred to buildings and renovations and depreciated accordingly.

Minor equipment purchases are charged to operations in the year of acquisition.

As of the date of the Auditors Report no values were available from the Provincial Government on the redevelopment and upgrading of facilities at the Central Newfoundland Regional Health Centre, the Dr Hugh Twomey Health Care Centre and Connaigre Peninsula Health Centre.

Capital and operating leases

A lease that transfers substantially all of the benefits and risks incidental to ownership of property is accounted for as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value. Assets acquired under capital leases are amortized on the same basis as other capital assets. All other leases are accounted for as operating leases and the payments are expensed as incurred.

KAREN M. FREAKER CHARTERED ACCOUNTANT

CENTRAL WEST HEALTH CORPORATION
Notes to the Operating Fund Financial Statements
March 31, 2003

2. Summary of significant accounting policies (continued)

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on a straight-line basis using the same rates as depreciation expense related to the capital assets purchased. Capital contributions for non-depreciable capital assets are recorded as direct increases in net assets.

Revenue recognition

Provincial plan revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred revenue.

Revenue from donations, including pledges, is recognized as revenue when received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Revenue from the sale of goods and services is recognized at the time the goods are delivered or the services are provided.

Budget incentive

The Corporation is reimbursed by the Department of Health for the total of its operating costs, after deduction of specified revenue and expenditure, to the extent of the approved budget.

The final amount receivable from or payable to the Department will not be determined until the Department has completed its review of the Corporation's financial and statistical returns. The management of the Corporation considers the amount recorded as receivable from or payable to the Department to be inclusive of all proper adjustments. Subsequent adjustments resulting from the Department's review will be reflected in the statement of revenue and expenditure in the period of adjustment.

Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Corporation.

Pension costs

Employees of the corporation are covered by the Public Service Pension Plan and the Government Money Purchase Pension Plan administered by the Province of Newfoundland. Contributions to the plan are required from both the employees and the Corporation. The annual contributions for pensions are recognized in the accounts on a current basis.

KAREN M. FREAKER CHARTERED ACCOUNTANT

CENTRAL WEST HEALTH CORPORATION
Notes to the Operating Fund Financial Statements
March 31, 2003

2. Summary of significant accounting policies (continued)

Deferred charges

Deferred charges represent the cost of equipment and vehicles, which are being amortized on a straight-line basis.

Vacation pay

Vacation pay is accounted for on an accrual basis and is payable in accordance with present employer and employee contracts of the Corporation.

Contributed services

Volunteers contribute many hours per year to assist the Corporation in carrying out its service delivery activities. Due to the difficulty of determining fair value, contributed services are not recognized in the financial statements.

3. Receivables	2003	2002
Cancer Foundation	\$ 109,427	\$ 63,826
Capital grants		100,000
Capital grants	25,533	1,419,709
Central Community Health Care Board	5,251	15,777
Cottages	195,271	140,071
Due from Board Fund	(467,800)	117,396
Employees	120,725	55,231
Harmonized sales tax	846,852	694,904
Long term care	457,473	404,851
Other	68,179	53,324
Provincial plan	358,517	1,882,243
Services to patients	517,953	615,224
South and Central Health Foundation	<u>1,363,866</u>	<u>738,823</u>
	3,601,247	6,301,379
Less: allowance for doubtful accounts	<u>126,569</u>	<u>259,471</u>
	<u>\$ 3,474,678</u>	<u>\$ 6,041,908</u>

KAREN M. FREAKE CHARTERED ACCOUNTANT

CENTRAL WEST HEALTH CORPORATION
Notes to the Operating Fund Financial Statements
March 31, 2003

4. Capital assets	2003		2002 Net Book Value
	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 97,112		\$ 97,112
Land improvements	473,445	\$ 269,643	226,447
Buildings	40,882,335	13,220,496	23,735,173
Equipment and vehicles	37,096,880	19,261,918	16,807,649
	<u>\$ 78,549,772</u>	<u>\$ 32,752,057</u>	<u>\$ 40,866,381</u>

5. Long term debt	Purpose	2003	2002
Canadian Imperial Bank of Commerce unsecured loan, repayable in monthly interest instalments. Refinanced as a mortgage April 2002.	New Carmelite Construction Loan	\$ 10,527,071	\$ 10,700,000
Canadian Imperial Bank of Commerce loan, repayable in equal monthly instalments of \$688 with interest at prime less 5/8% secured by motor vehicle	Motor Vehicle		1,375
Canadian Imperial Bank of Commerce unsecured loan, repayable in blended monthly instalments of \$600 with interest at prime less 1/2%.	House-La Scie	18,566	25,766
Canadian Imperial Bank of Commerce mortgage, repayable in blended monthly instalments of \$510 with interest at 7.25%. Matures July 2028	House-Botwood	70,599	
Canadian Imperial Bank of Commerce mortgage, repayable in blended monthly instalments of \$510 with interest at 7.25%. Matures July 2028	House-Botwood	<u>63,911</u>	
Subtotal to page 10		<u>\$ 10,680,147</u>	<u>\$ 10,727,141</u>

KAREN M. FREAKE CHARTERED ACCOUNTANT

CENTRAL WEST HEALTH CORPORATION
Notes to the Operating Fund Financial Statements
March 31, 2003

5. Long term debt (continued)	<u>Purpose</u>	2003	2002
Subtotal from page 9		\$ 10,680,147	\$ 10,727,141
8% Newfoundland and Labrador Housing Corp. mortgage, maturing in February 2026, repayable in equal monthly principal and interest instalment of \$8,298, secured by land, building & equipment.	North Haven Manor	1,058,914	1,073,157
7.875% Newfoundland and Labrador Housing Corporation mortgage, maturing in 2024, repayable in equal monthly principal and interest instalments of \$8,165.	Carmelite House	1,040,566	1,040,566
5.77% Newfoundland and Labrador Housing Corporation mortgage, maturing in 2019, repayable in blended monthly principal and interest instalments of \$9,375.	Green Bay Extension	1,193,679	1,235,969
8% Newfoundland and Labrador Housing Corporation mortgage, maturing in 2027, repayable in blended monthly principal and interest instalment of \$10,124.	Green Bay Extension	1,328,731	1,343,287
Bank of Montreal loan, repayable in monthly instalments of \$500 plus interest at prime plus 1%.	House Green Bay	2,000	8,000
5.65% Canadian Imperial Bank of Commerce loan, repayable in equal monthly principal and interest instalments of \$48,632. Matures 2013.	EPC Contract	4,140,458	
0% Ford Credit Canada loan, repayable in monthly instalments of \$330 maturing March 2008.	Vehicle	19,777	
0% Ford Credit Canada loan, repayable in monthly instalments of \$444 maturing March 2008.	Vehicle	<u>21,325</u>	
Subtotal to page 11		<u>\$ 19,485,597</u>	<u>\$ 15,428,120</u>

KAREN M. FREAKE CHARTERED ACCOUNTANT

CENTRAL WEST HEALTH CORPORATION
Notes to the Operating Fund Financial Statements
March 31, 2003

5. Long term debt (continued)	<u>Purpose</u>	2003	2002
Subtotal from page 10		\$ 19,485,597	\$ 15,428,120
0% Ford Credit Canada loan, repayable in monthly instalments of \$420 maturing March 2008.	Vehicle	20,175	
Bank of Nova Scotia loan, repayable in monthly instalments of \$1,250 plus interest at 11%.	House renovations- Baie Verte	25,759	40,759
Canadian Imperial Bank of Commerce loan, repayable in monthly principal and interest instalments of \$650. Matures in 2006.	House Harbour Breton	<u>26,627</u>	<u>34,426</u>
		19,558,158	15,503,305
Less: Current portion of long term debt		<u>720,890</u>	<u>305,919</u>
		<u>\$ 18,837,268</u>	<u>\$ 15,197,386</u>

Estimated principal payments required during the next five years are as follows:

2004	\$ 720,890
2005	\$ 755,950
2006	\$ 786,015
2007	\$ 823,849
2008	\$ 859,707

To reduce the cost of borrowing, the Federal Government provides an amount to reduce the effective interest rate of the Newfoundland and Labrador Housing Corporation mortgage for the Green Bay Health Care Centre. The assistance is subject to regulations and conditions during the amortization of the mortgages.

Newfoundland and Labrador Housing Corporation mortgages are secured by specific land and buildings.

KAREN M. FREAKE CHARTERED ACCOUNTANT

CENTRAL WEST HEALTH CORPORATION
Notes to the Operating Fund Financial Statements
March 31, 2003

6. Obligations under capital lease	<u>Purpose</u>	2003	2002
Datex-Ohmeda (Canada) Inc. leasing loan, repayable in equal quarterly instalments of \$13,061 with interest at 8% secured by specific equipment.	Operating room equipment	\$ 49,603	\$ 99,206
		49,603	99,206
Less: Current portion of obligation under capital lease		<u>49,603</u>	<u>49,603</u>
		<u>\$</u>	<u>\$ 49,603</u>

Estimated principal payment required during the next year is as follows:
2004 \$ 49,603

7. Deferred contributions related to capital assets

Deferred contributions related to capital assets represent restricted contributions in which capital assets were original purchased. As outlined above in Note 2, these contributions are being amortized to revenue at the same rates at which the related capital assets are depreciated. In accordance with the new not-for-profit accounting recommendations, the Corporation adopted this policy on April 1, 1997. The Corporation has not applied this accounting policy retroactively because the necessary financial information is not reasonably determinable.

	2003	2002
Balance, beginning of year	\$ 7,655,428	\$ 5,048,689
Capital contributions during the year	3,728,704	3,352,024
Less: Amortization	<u>1,011,038</u>	<u>745,285</u>
Balance, end of year	<u>\$ 10,373,094</u>	<u>\$ 7,655,428</u>

8. Unrestricted net assets	2003	2002
Balance, beginning of year	\$ (29,948,379)	\$ (26,905,000)
Excess of expenditure over revenue	<u>(3,856,869)</u>	<u>(3,043,379)</u>
Balance, end of year	<u>\$ (33,805,248)</u>	<u>\$ (29,948,379)</u>

KAREN M. FREAKE CHARTERED ACCOUNTANT

CENTRAL WEST HEALTH CORPORATION
Notes to the Operating Fund Financial Statements
March 31, 2003

9. Net assets invested in capital assets	2003	2002
Balance, end of year	<u>\$ 34,965,247</u>	<u>\$ 34,965,247</u>

10. Contingencies

Claims

As of March 31, 2003 there were a number of claims against the Corporation in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Corporation with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

11. Commitments

Energy Performance Contract

The Board entered into an Energy Performance Contract on July 31, 1998 with Rose Technology Group Limited for the design and implementation of measures to improve energy efficiency, wherein Rose Technology Group guaranteed the energy savings component. During the 2003 fiscal year the Corporation paid off its obligation under this commitment through borrowings from the Canadian Imperial Bank of Commerce. These borrowings are reflected in long term debt.

KAREN M. FREAKE CHARTERED ACCOUNTANT

COLLEGE OF THE NORTH ATLANTIC
AUDITORS' REPORT
FINANCIAL STATEMENTS - MARCH 31, 2004

AUDITORS' REPORT

To the Board of Governors of the **College of the North Atlantic**

We have audited the statement of financial position of the **College of the North Atlantic** as at March 31, 2004 and the statements of operations, changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2004, and the results of its operations and the changes in net assets and cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Walters Hoffe

Chartered Accountants

Gander, Newfoundland

July 8, 2004

College of the North Atlantic
Statement of Financial Position

March 31, 2004

	<u>2004</u>	<u>2003</u>
Assets		
Current assets		
Cash	\$ 6,140,475	\$ 2,266,919
Receivables - Note 2	5,942,559	9,639,972
Inventory	737,749	706,643
Prepaid expenses	777,835	867,653
Total current assets	<u>13,598,618</u>	<u>13,481,187</u>
Capital assets - Note 3	7,062,547	9,592,341
Trust accounts - Note 4	380,789	374,294
	<u>\$ 21,041,954</u>	<u>\$ 23,447,822</u>

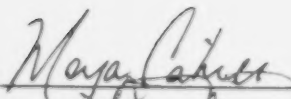
Liabilities and Equity

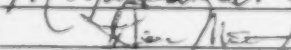
Current liabilities		
Payables and accruals - Note 10	\$ 5,329,857	\$ 5,918,745
Deferred revenue	3,915,956	4,631,934
Due to Qatar Campus	901,857	2,159,362
Accrued leave - management	1,376,993	1,102,807
Accrued vacation - other	3,966,105	3,893,473
Current portion of severance	1,000,000	1,000,000
Total current liabilities	<u>16,490,768</u>	<u>18,706,321</u>
Trust and scholarship accounts - Note 4	387,251	390,702
Deferred capital contributions - Note 5	3,915,869	4,489,901
Accrued severance pay	10,518,017	9,873,470
	<u>31,311,905</u>	<u>33,460,394</u>
Surplus (deficit), per accompanying statement	<u>(10,269,951)</u>	<u>(10,012,572)</u>
	<u>\$ 21,041,954</u>	<u>\$ 23,447,822</u>

Approved:

Director

Director





See accompanying notes.

College of the North Atlantic
Statement of Operations
Year Ended March 31, 2004

	2004	2003
Revenue - Schedule 1		
Grant-in-aid	\$ 49,093,152	\$ 47,267,165
Facilities	14,979	8,328
Administration	538,551	395,966
Instructional	24,261,927	22,543,815
Student services	624,934	564,311
Information technology	123,171	10,069
Resale	4,304,705	4,347,080
Apprenticeship	2,601,751	2,231,130
Continuing education	752,740	701,728
Contracts	7,658,698	8,734,954
International	1,742,893	1,127,473
Special projects	4,246,882	4,293,723
Total revenue	<u>95,964,383</u>	<u>92,225,742</u>
Expenditure - Schedules 2 to 13		
Facilities	4,879,173	4,484,748
Administration	12,932,909	13,349,971
Instructional	45,562,674	44,091,916
Student services	7,672,987	7,098,149
Information technology	3,937,356	3,849,309
Resale	5,140,856	5,055,227
Apprenticeship	2,118,129	1,811,822
Continuing education	599,434	552,741
Contracts	8,058,564	8,842,417
International	1,135,279	1,074,286
Special projects	3,484,807	3,754,257
Total expenditure	<u>95,522,168</u>	<u>93,964,843</u>
Surplus (deficit) before unfunded adjustments	442,215	(1,739,101)
Unfunded adjustments:		
Severance	(626,962)	(1,655,383)
Vacation pay	(72,632)	(334,366)
Total unfunded adjustments	<u>(699,594)</u>	<u>(1,989,749)</u>
Surplus (deficit) of revenue over expenditures	<u>\$ (257,379)</u>	<u>\$ (3,728,850)</u>

See accompanying notes.

College of the North Atlantic
Statement of Changes in Net Assets
Year Ended March 31, 2004

	<u>Operating</u>	<u>Capital Assets</u>	<u>Severance and Annual Leave</u>	<u>2004 Total</u>	<u>2003 Total</u>
Balance, beginning	\$ (348,069)	\$ 5,102,440	\$ (14,766,943)	\$ (10,012,572)	\$ (6,283,722)
Capital purchases during year	(1,421,543)	1,421,543			
Amortization of capital assets	3,922,361	(3,922,361)			
Capital grants received during the year	1,053,994	(1,053,994)			
Amortization of deferred capital contributions	(1,684,585)	1,684,585			
Net book value of assets disposed during the year	28,976	(28,976)			
Surplus (deficit) of revenue over expenditure per accompanying statement	<u>442,215</u>		<u>(699,594)</u>	<u>(257,379)</u>	<u>(3,728,850)</u>
Balance, ending	<u>\$ 1,993,349</u>	<u>\$ 3,203,237</u>	<u>\$ (15,466,537)</u>	<u>\$ (10,269,951)</u>	<u>\$ (10,012,572)</u>

See accompanying notes.

College of the North Atlantic
Statement of Cash Flow
Year Ended March 31, 2004

	<u>2004</u>	<u>2003</u>
Cash flows:		
Surplus (deficit) of revenue over expenditure	\$ (257,379)	\$ (3,728,850)
Add items of a non - cash nature:		
Loss of assets	2,375	1,233
Loss (gain) on disposal of capital assets	11,847	(21,380)
Amortization	<u>3,922,361</u>	<u>4,622,518</u>
	3,679,204	873,521
Changes in:		
Current assets	3,756,125	(252,854)
Trust accounts	(9,946)	8,132
Current liabilities	(2,215,553)	2,720,500
Accrued severance	<u>644,547</u>	<u>1,655,383</u>
	<u>5,854,377</u>	<u>5,004,682</u>
Financing:		
Change in deferred capital contributions	<u>(574,032)</u>	<u>1,416,086</u>
Investing:		
Proceeds from sale of assets	14,754	42,237
Additions to capital assets	<u>(1,421,543)</u>	<u>(4,404,713)</u>
	<u>(1,406,789)</u>	<u>(4,362,476)</u>
Net increase in cash	3,873,556	2,058,292
Cash, beginning	<u>2,266,919</u>	<u>208,627</u>
Cash, ending	<u><u>\$ 6,140,475</u></u>	<u><u>\$ 2,266,919</u></u>

See accompanying notes.

College of the North Atlantic
Revenue
Year Ended March 31, 2004

	2004	2003
Grant-in-aid	\$ 49,093,152	\$ 47,267,165
Facilities		
Amortization of deferred capital contribution	4,636	3,115
Classroom/video rental	4,500	
Parking	5,843	5,213
	<u>14,979</u>	<u>8,328</u>
Administration		
Interest	156,780	111,147
Amortization of deferred capital contribution	124,923	196,056
Gain on disposal of capital assets		21,380
Other	256,848	67,383
	<u>538,551</u>	<u>395,966</u>
Instructional		
Tuition	8,550,619	8,953,911
Equipment and materials	1,100,783	1,114,689
Subsidy	12,298,412	10,287,219
Amortization of deferred capital contribution	1,503,985	1,335,592
Other	808,128	852,404
	<u>24,261,927</u>	<u>22,543,815</u>
Student services		
Application fee	210,744	213,078
Registration fee	352,635	281,817
Amortization of deferred capital contribution	10,219	9,387
Other	51,336	60,029
	<u>624,934</u>	<u>564,311</u>
Information technology		
Amortization of deferred capital contribution	31,254	10,069
Other	91,917	
	<u>123,171</u>	<u>10,069</u>
Continuing education		
Tuition	751,300	693,154
Other	1,440	8,574
	<u>752,740</u>	<u>701,728</u>
Contracts		
Contract/tuition	7,654,429	6,996,302
Subsidy	2,769	1,388,342
Other	1,500	350,310
	<u>7,658,698</u>	<u>8,734,954</u>

See accompanying notes.

College of the North Atlantic
Revenue
Year Ended March 31, 2004

Resale		
Bookstore	2,610,453	2,676,493
Food services	1,037,504	1,024,497
Daycare	324,698	319,998
Residence	319,435	308,125
Amortization of deferred capital contribution	1,944	1,537
Other	10,671	16,430
	<u>4,304,705</u>	<u>4,347,080</u>
Apprenticeship		
Apprenticeship	2,594,127	2,223,929
Amortization of deferred capital contribution	7,624	7,201
	<u>2,601,751</u>	<u>2,231,130</u>
International		
International	1,742,893	1,127,027
Amortization of deferred capital contribution		446
	<u>1,742,893</u>	<u>1,127,473</u>
Special projects		
Qatar (net)	478,123	598,962
Other projects	3,768,759	3,694,761
	<u>4,246,882</u>	<u>4,293,723</u>
	<u>\$ 95,964,383</u>	<u>\$ 92,225,742</u>

See accompanying notes.

College of the North Atlantic
Summary of Facilities Expenditures
 Year Ended March 31, 2004

	2004		2003
Salaries and benefits	\$ 1,184,246	\$	1,157,290
Professional development	2,031		127
Professional fees	12,186		22,047
Travel	8,095		5,140
Insurance	232,549		230,280
Interest charges	86,325		63,614
Photocopying/printing	1,188		1,075
Office related supplies	467		7,929
Freight and customs	385		737
Telephone	4,624		5,621
Utilities	1,114,210		1,189,385
Repairs and maintenance	1,027,389		852,663
Vehicle operations	111,410		93,762
Equipment rentals			399
Facilities rentals	996,047		681,204
Protective clothing	9,710		12,701
Amortization	29,004		124,355
Computer supplies	1,348		239
Minor equipment and tools	2,971		5,003
Minor computer equipment	298		5,011
Materials and supplies	54,690		10,916
Contributions to projects			15,250
	<u>\$ 4,879,173</u>	\$	<u>4,484,748</u>

See accompanying notes.

College of the North Atlantic
Summary of Administration Expenditures
Year Ended March 31, 2004

	2004	2003
Salaries and benefits	\$ 8,600,333	\$ 8,475,668
Professional development	145,292	164,215
Employee recognition and wellness	11,505	14,154
Professional fees	237,538	188,413
Travel	394,193	447,196
Recruitment and relocation	39,800	60,275
Insurance	11,210	
Interest charges	936	
Bank charges	96,187	94,215
Photocopying/printing	356,812	364,058
Office related supplies	404,378	392,787
Membership fees	61,379	40,155
General advertising	222,133	225,561
Doubtful receivables	187,144	94,803
Freight and customs	98,492	110,170
Telephone	833,894	888,814
Utilities	1,546	1,258
Repairs and maintenance	68,416	60,560
Vehicle operations	942	1,015
Equipment rentals	41,550	27,832
Facilities rentals	1,994	322
Protective clothing	6,847	8,158
Amortization	388,811	682,029
Loss of assets	2,375	1,233
Loss on disposal of capital assets	11,847	
Food cost	1,205	1,093
Laundry and drycleaning	965	1,246
Computer supplies	84,250	100,167
Contracted services	11,188	4,275
Educational materials	21,602	22,229
Student related	8,427	8,572
Minor equipment and tools	36,956	61,811
Minor computer equipment	39,120	92,544
Materials and supplies	231,023	248,103
Contributions to projects	272,619	467,040
	<u>\$ 12,932,909</u>	<u>\$ 13,349,971</u>

See accompanying notes.

College of the North Atlantic
Summary of Instructional Expenditures
 Year Ended March 31, 2004

	2004	2003
Salaries and benefits	\$ 38,965,422	\$ 37,109,283
Professional development	153,306	184,974
Professional fees	22,909	42,955
Travel	273,078	290,610
Recruitment and relocation	29,068	32,312
Photocopying/printing	100,740	99,110
Office related supplies	15,906	15,676
Membership fees	20,644	20,994
General advertising	9,014	12,699
Freight and customs	34,278	35,511
Telephone	82,507	25,021
Utilities	2,345	542
Repairs and maintenance	90,899	77,750
Vehicle operations	319,383	442,084
Equipment rentals	10,516	12,644
Facilities rentals	106,480	131,185
Protective clothing	19,478	16,299
Amortization	3,061,360	3,288,973
Food cost	43,852	40,272
Laundry and drycleaning	3,476	2,183
Computer supplies	182,768	196,966
Contracted services	34,758	16,865
Educational materials	60,496	83,761
Student related	85,396	87,143
Minor equipment and tools	159,799	206,969
Minor computer equipment	354,511	174,942
Materials and supplies	1,247,159	1,390,041
Contributions to projects	73,126	54,152
	<u>\$ 45,562,674</u>	<u>\$ 44,091,916</u>

See accompanying notes.

College of the North Atlantic
Summary of Student Services Expenditures
Year Ended March 31, 2004

	2004	2003
Salaries and benefits	\$ 6,333,052	\$ 5,804,638
Professional development	29,563	28,175
Employee recognition and wellness	450	450
Professional fees	16,425	
Travel	88,902	80,175
Insurance	1,649	375
Bank charges	1,355	2,471
Photocopying/printing	88,276	72,270
Office related supplies	53,854	42,766
Membership fees	4,938	2,561
General advertising	436,503	388,056
Freight and customs	10,022	5,637
Telephone	36,503	32,763
Utilities		160
Repairs and maintenance	5,865	4,173
Equipment rentals	99	35
Facilities rentals	3,060	2,613
Protective clothing	120	
Amortization	86,920	136,549
Laundry and drycleaning		23
Computer supplies	12,307	10,751
Contracted services	114,296	114,547
Educational materials	159,514	180,208
Student related	50,225	43,589
Minor equipment and tools	24,632	41,506
Minor computer equipment	20,398	8,348
Materials and supplies	90,871	84,673
Contribution to projects	3,188	10,637
	<u>\$ 7,672,987</u>	<u>\$ 7,098,149</u>

See accompanying notes.

College of the North Atlantic
Summary of Information Technology Expenditures
 Year Ended March 31, 2004

	<u>2004</u>	<u>2003</u>
Salaries and benefits	\$ 2,383,982	\$ 2,257,514
Professional development	38,046	920
Travel	29,015	24,167
Photocopying/printing	2,041	1,613
Office related supplies	10,624	4,535
Freight and customs	1,439	3,068
Telephone	21,756	18,183
Repairs and maintenance	6,803	11,632
Vehicle operations		67
Equipment rentals		276
Protective clothing	346	536
Amortization	274,975	320,154
Computer supplies	1,068,621	1,095,566
Educational materials	851	1,277
Minor equipment and tools	2,604	12,025
Minor computer equipment	76,706	77,374
Materials and supplies	19,547	17,279
Contributions to projects		3,123
	<u>\$ 3,937,356</u>	<u>\$ 3,849,309</u>

See accompanying notes.

College of the North Atlantic
Summary of Resale Expenditures
Year Ended March 31, 2004

	2004	2003
Salaries and benefits	\$ 1,985,201	\$ 1,900,857
Professional development	389	779
Travel	1,452	1,695
Photocopying/printing	3,787	6,284
Office related supplies	10,185	13,334
Membership fees		324
General advertising	170	
Freight and customs	122,609	132,194
Telephone	1,696	2,611
Utilities	7,527	7,807
Repairs and maintenance	20,763	10,411
Protective clothing	15,563	9,683
Amortization	23,815	13,571
Food cost	741,913	749,023
Laundry and drycleaning	14,789	15,214
Textbooks and supplies	2,015,686	2,034,267
Computer supplies	1,050	1,106
Contracted services	200	250
Educational materials	258	70
Daycare operations	98,360	105,074
Minor equipment and tools	13,231	10,201
Minor computer equipment	3,570	4,261
Materials and supplies	58,642	36,211
	<u>\$ 5,140,856</u>	<u>\$ 5,055,227</u>

See accompanying notes.

College of the North Atlantic
Summary of Apprenticeship Expenditures
 Year Ended March 31, 2004

	2004	2003
Salaries and benefits	\$ 1,577,239	\$ 1,333,795
Professional development		1,061
Professional fees	200	1,887
Travel	4,341	4,541
Photocopying/printing	4,178	3,461
Office related supplies		32
Membership fees		237
General advertising	573	1,927
Freight and customs	2,813	707
Repairs and maintenance	15,603	5,960
Equipment rentals	485	
Facilities rentals	875	
Protective clothing	1,997	3,111
Amortization	41,049	45,043
Food cost	56,823	51,306
Laundry and drycleaning	4,574	3,975
Computer supplies	2,392	4,816
Contracted services	300	1,115
Educational materials	12,748	12,104
Student related	205,988	194,268
Minor equipment and tools	26,517	16,786
Materials and supplies	159,434	124,690
Contributions to projects		1,000
	<u>\$ 2,118,129</u>	<u>\$ 1,811,822</u>

See accompanying notes.

College of the North Atlantic
Summary of Continuing Education Expenditures
Year Ended March 31, 2004

	2004	2003
Salaries and benefits	\$ 442,408	\$ 416,149
Professional development	584	
Professional fees	856	899
Travel	18,751	35,133
Photocopying/printing	4,129	1,743
Office related supplies	121	334
General advertising	4,637	8,438
Freight and customs	236	562
Telephone	23	81
Repairs and maintenance		637
Facilities rentals	6,191	7,688
Laundry and drycleaning	88	142
Computer supplies	19,952	5,075
Contracted services	30,129	13,218
Educational materials	9,670	1,374
Student related	21,548	8,560
Minor equipment and tools		276
Minor computer equipment	4,938	
Materials and supplies	34,503	52,432
	<u>\$ 599,434</u>	<u>\$ 552,741</u>

See accompanying notes.

College of the North Atlantic
Summary of Contract Expenditures
Year Ended March 31, 2004

	2004	2003
Salaries and benefits	\$ 6,051,808	\$ 6,429,818
Professional development	23,310	25,840
Professional fees	61,262	52,383
Travel	203,166	220,823
Recruitment and relocation		3,379
Insurance	644	1,626
Photocopying/printing	35,924	44,360
Office related supplies	13,623	14,396
Membership fees	3,162	4,545
General advertising	94,213	136,411
Doubtful receivables	224,246	
Freight and customs	11,594	13,246
Telephone	23,195	27,376
Repairs and maintenance	20,718	124,431
Vehicle operations	15,557	17,655
Equipment rentals	47,602	143,117
Facilities rentals	83,632	363,273
Protective clothing	6,866	1,529
Food cost	11,918	12,539
Laundry and drycleaning	234	264
Computer supplies	19,571	21,923
Contracted services	363,507	419,979
Educational materials	36,818	28,579
Student related	170,595	190,124
Minor equipment and tools	66,813	76,990
Minor computer equipment	81,804	48,026
Materials and supplies	386,082	404,388
Contribution to projects	700	15,397
	<u>\$ 8,058,564</u>	<u>\$ 8,842,417</u>

See accompanying notes.

College of the North Atlantic
Summary of International Expenditures
Year Ended March 31, 2004

	2004	2003
Salaries and benefits	\$ 520,581	\$ 537,291
Professional development	1,093	331
Professional fees	102,150	25,110
Travel	168,084	243,321
Photocopying/printing	2,114	78
Office related supplies	1,378	2,794
Membership fees	8,600	9,025
General advertising	33,812	6,042
Freight and customs	3,918	332
Telephone	1,344	746
Repairs and maintenance	13,691	
Vehicle operations	110	
Facilities rentals	407	
Protective clothing		176
Amortization	16,427	11,844
Computer supplies	7,162	12,210
Contracted services	34,455	38,535
Education materials	5,341	3,080
Student related	114,396	38,858
Minor equipment and tools	30,340	45,616
Minor computer equipment	32,163	37,367
Materials and supplies	37,713	61,530
	<u>\$ 1,135,279</u>	<u>\$ 1,074,286</u>

See accompanying notes.

College of the North Atlantic
Summary of Special Projects Expenditures
 Year Ended March 31, 2004

	2004		2003
Salaries and benefits	\$ 1,502,393	\$	1,141,351
Professional development	49,482		34,327
Professional fees	481,349		495,092
Travel	325,126		332,622
Recruitment and relocation	10,590		
Insurance	213		232
Photocopying/printing	21,171		4,125
Office related supplies	3,148		6,863
Membership fees	1,664		242
General advertising	36,770		43,787
Freight and customs	2,341		88,057
Telephone	20,020		16,995
Repairs and maintenance	16,405		34,498
Vehicle operations	3,017		1,610
Equipment rentals	24,843		2,828
Facilities rentals	408		1,518
Protective clothing			55
Food costs	6,081		6,547
Laundry and drycleaning			393
Computer supplies	207,088		226,727
Contracted services	178,401		96,886
Educational materials	8,775		158,493
Daycare operations	3,465		13,176
Student related	91,536		114,804
Minor equipment and tools	19,381		306,442
Minor computer equipment	119,008		205,667
Materials and supplies	337,632		382,449
Contribution to projects	14,500		38,471
	<u>\$ 3,484,807</u>	\$	<u>3,754,257</u>

See accompanying notes.

College of the North Atlantic
Summary of Expenditures
Year Ended March 31, 2004

	2004	2003
Salaries and benefits	\$ 69,546,665	\$ 66,563,654
Professional development	443,096	440,749
Employee recognition and wellness	11,955	14,604
Professional fees	934,875	828,786
Travel	1,514,203	1,685,423
Recruitment and relocation	79,458	95,966
Insurance	246,265	232,513
Interest charges	87,261	63,614
Bank charges	97,542	96,686
Photocopying/printing	620,360	598,177
Office related supplies	513,684	501,446
Membership fees	100,387	78,083
General advertising	837,825	822,921
Doubtful receivables	411,390	94,803
Freight and customs	288,797	390,221
Telephone	1,025,562	1,018,211
Utilities	1,125,628	1,199,152
Repairs and maintenance	1,286,552	1,182,715
Vehicle operations	450,419	556,193
Equipment rentals	125,095	187,131
Facilities rentals	1,199,094	1,187,803
Protective clothing	60,927	52,248
Amortization	3,922,361	4,622,518
Loss of assets	2,375	1,233
Loss on disposal of capital assets	11,847	
Food cost	861,792	860,780
Laundry and drycleaning	24,126	23,440
Textbooks and supplies	2,015,686	2,034,267
Computer supplies	1,606,509	1,675,546
Contracted services	767,234	705,670
Educational materials	316,073	491,175
Daycare operations	101,825	118,250
Student related	748,111	685,918
Minor equipment and tools	383,244	783,625
Minor computer equipment	732,516	653,540
Materials and supplies	2,657,296	2,812,712
Contributions to projects	364,133	605,070
	<u>\$ 95,522,168</u>	<u>\$ 93,964,843</u>

See accompanying notes.

College of the North Atlantic
Notes to Financial Statements
Year Ended March 31, 2004

Authority and Purpose

The College of the North Atlantic (the College) operates under the authority of the College Act, 1996, Province of Newfoundland and Labrador. In accordance with Section 6 of the College Act, 1996, the College is a statutory crown corporation and as such is not subject to either Federal or Provincial income taxes and is exempt from Municipal taxes. The College is Newfoundland and Labrador's public college. The College is committed to providing accessible, responsive, quality learning opportunities which prepare people to become self-sufficient contributors to social and economic development both in a provincial and global context.

1 Significant accounting policies:

The financial statements of the College have been prepared within the framework of Canadian generally accepted accounting principles which requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the College are as follows:

(a) *Revenue recognition*

The College follows the deferral method of accounting for contributions which includes donations and government grants. Grants for expenditures of future periods are deferred and recognized as revenue in the year in which the related expenditures incurred. Grants for capital assets are deferred and recognized as revenue on the same basis as the acquired capital assets are amortized.

Revenue from contractual services is recognized as the service is delivered.

(b) *Basis of accounting*

The College follows the accrual basis of accounting.

(c) *Inventory*

Inventory which consists mainly of books and food supplies is recorded at the lower of cost or net realizable value.

College of the North Atlantic
Notes to Financial Statements
Year Ended March 31, 2004

(d) *Capital Assets*

Capital assets recorded prior to the April 1, 1997 amalgamation of the former Colleges are recorded at either cost, nominal, or approximate fair value. Capital assets acquired after April 1, 1997 are recorded at cost. Amortization is recorded on a straight line basis using the following estimated useful lives:

Artwork	No amortization
Capital improvements	10 and 5 years
Computer and peripherals	3 years
Furnishings	5 years
Instructional equipment	5 years
Other electronic equipment	5 years
Software	3 years
Vehicles	5 years

One half year's amortization is taken in the year of acquisition.

No amortization is recorded for asset under development.

The value of donated artwork has not been recorded in these financial statements.
An accurate valuation of donated artwork has not been obtained at March 31, 2004.

Minor equipment purchases are charged to operations in the year of acquisition.

On disposal, assets are removed from the accounts at their net book value. Proceeds from disposals are recorded and any resulting gain or loss on disposal is realized.

(e) *Severance and vacation pay*

Severance and vacation pay are recorded on an accrual basis.

The College is liable for severance pay to employees who have nine or more years of continuous public service. An amount has been recorded in the financial statements to reflect this liability. No provision for severance has been made for employees with less than the required years of service.

(f) *Foreign Currencies*

Transactions in foreign currencies are recorded in Canadian dollars at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the Balance Sheet date. Exchange gains or losses arising from the translations are included in the Statement of Operations.

College of the North Atlantic
Notes to Financial Statements
Year Ended March 31, 2004

2 Receivables

	2004	2003
Government of Newfoundland and Labrador	\$ 1,111,137	\$ 2,555,946
HRD Subsidy	1,150,000	3,033,343
Students	988,496	1,065,593
Other	<u>3,411,123</u>	<u>3,471,881</u>
	6,660,756	10,126,763
Less allowance for doubtful accounts	<u>718,197</u>	<u>486,791</u>
	<u>\$ 5,942,559</u>	<u>\$ 9,639,972</u>

3 Capital assets

	2004		2003	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Artwork	\$ 5,500	\$	\$ 5,500	\$ 5,500
Capital improvements	4,368,350	3,515,319	853,031	1,122,815
Computer and peripherals	13,968,406	12,838,889	1,129,517	2,230,525
Furnishings	751,246	672,333	78,913	101,378
Instructional equipment	26,248,752	22,570,120	3,678,632	4,979,313
Other electronic equipment	490,556	399,322	91,234	107,318
Software	373,209	313,450	59,759	110,967
Vehicles	3,277,974	2,634,381	643,593	934,525
Asset under development	<u>522,368</u>		<u>522,368</u>	
	<u>\$ 50,006,361</u>	<u>\$ 42,943,814</u>	<u>\$ 7,062,547</u>	<u>\$ 9,592,341</u>

The land and buildings being used by the College, with the exception of some rental property, are the properties of the Province of Newfoundland and Labrador. Expenditures for repairs and maintenance of these buildings, paid by the Province, are not recorded in the financial statements of the College.

4 Trust accounts

Trust accounts represent donations and related interest restricted for scholarships, awards and other specified purposes. Changes in the trust account balance are as follows:

	2004	2003
Opening balance	\$ 374,294	\$ 388,706
Deposits	18,706	6,050
Payments	(27,150)	(34,052)
Interest	<u>14,939</u>	<u>13,590</u>
Closing balance	<u>\$ 380,789</u>	<u>\$ 374,294</u>

At year end, the trust accounts were invested as follows:

RB Securities	\$ 380,789	\$ 374,294
Miscellaneous scholarships in general account	<u>6,462</u>	<u>16,408</u>
	<u>\$ 387,251</u>	<u>\$ 390,702</u>

College of the North Atlantic
Notes to Financial Statements
Year Ended March 31, 2004

5 Deferred capital contributions

Deferred capital contributions represent the unamortized amount of grants and special funding received for the purchase of capital assets. Changes in the deferred capital contributions balances are as follows:

	2004	2003
Balance, beginning of year	\$ 4,489,901	\$ 3,073,815
Contributions received for capital purposes		
- Provincial grants	446,327	676,831
- Special projects	607,667	2,302,658
- Provincial grant uncommitted	56,559	
Amortization of deferred capital contributions	(1,684,585)	(1,563,403)
	<u>\$ 3,915,869</u>	<u>\$ 4,489,901</u>

6 Pensions

Under Section 26 of the College Act, 1996, College staff are subject to the Public Service Pension Act, 1996. Employee contributions are matched by the College and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire.

7 Commitments

Deloitte Inc. Commitment

The College has entered into a contract with Deloitte Inc. to develop and maintain a PeopleSoft integrated computerized information system. Committed payments over the next seven years are as follows:

2004-2005	\$ 1,890,368
2005-2006	1,244,185
2006-2007	1,084,041
2007-2008	1,171,789
2008-2009	1,315,430
2009-2010	1,476,310
2010-2011	379,172

Lease Commitment

The College leases some equipment under long-term operating leases. Lease payments for the next five years, committed under operating leases extending beyond one year, are as follows:

2004-2005	\$ 738,547
2005-2006	717,870
2006-2007	416,500
2007-2008	68,827
2008-2009	17,841

College of the North Atlantic
Notes to Financial Statements
Year Ended March 31, 2004

8 Comprehensive Agreement with the State of Qatar

The College has a comprehensive agreement with the State of Qatar to establish, staff, operate and administer a College of Applied Arts and Technology in Doha, Qatar for a ten year period, September 30, 2001 to August 31, 2012. The agreement is funded by the State of Qatar. For its services, the College is paid an annual Management Fee of 10% of base salaries.

9 Financial instruments

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximate their fair values due to the relatively short periods to maturity of these instruments.

10 Rental Accrual

Included in accounts payable is an accrual totaling \$ 1,203,026 for unpaid lease payments and related interest for rental of Labrador West campus. The monthly lease amount was raised from \$50,000 to \$80,000, however based on directions from the Department of Works, Services and Transportation, the College continues to pay the original lease amount. As of the financial statement date, the outcome of any possible litigation regarding this dispute could not be determined. It is possible the College could have a recovery of some portion of this accrued liability.

11 Comparative figures

Certain of the 2003 comparative figures have been reclassified to conform to the financial presentation adopted in 2004.

Conseil scolaire francophone provincial
de Terre-Neuve et du Labrador

FINANCIAL STATEMENTS / AUDITOR'S REPORT

June 30, 2003

AUDITORS' REPORT

To the Trustees of
Conseil scolaire francophone provincial de Terre Neuve
et du Labrador

We have audited the balance sheet of the current and capital funds of the Conseil scolaire francophone provincial de Terre Neuve et du Labrador as at June 30, 2003 and the related statements of current revenues, expenditures and District equity, and statement of changes in capital fund position for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District as at June 30, 2003 and the results of its operations and changes in its capital financial position for the year then ended in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Districts in the Province of Newfoundland and Labrador by the Department of Education.

NKHK Chartered Accountants

St. John's, Newfoundland
August 29, 2003

Conseil scolaire francophone provincial
BALANCE SHEET
June 30, 2003

	<u>2003</u>	<u>2002</u>
<u>Assets</u>		
Current Assets		
Cash (Supp. Info. 1)	\$ (9 503)	\$ 13 542
Short Term Investments (Supp. Info. 2)	100 000	100 000
Accounts Receivable (Note 2)	352 882	199 454
HST Receivable	23 823	18 116
Prepaid Expenses (Supp. Info. 3)	16 361	45 759
Total Current Assets	483 563	376 871
Property and Equipment (Sch. 8)	580 518	478 344
	<u>\$ 1 064 081</u>	<u>\$ 855 215</u>
<u>Liabilities and Board Equity</u>		
Current Liabilities		
Due to the Government of Newfoundland & Labrador	139 170	\$ 104 990
Accounts Payable and Accrued (Note 3)	73 165	165 419
Current Maturities	-	-
Total Current Liabilities	212 335	270 409
Long-Term Debt	-	-
Severance Pay Benefits - Teaching staff (Note 5)	101 594	80 724
Severance Pay Benefits - Non-teaching staff (Note 5)	34 828	30 875
Other Employee Benefits - Vacation pay	34 519	25 748
Summer Pay Liability	253 792	-
Deferred Revenue	4 798	57 400
	429 531	194 747
Board Equity		
Investment In Capital Assets (Note 4)	580 518	478 344
Board Equity (Deficit)	(158 303)	(88 285)
Total Board Equity	422 215	390 059
	<u>1 064 081</u>	<u>\$ 855 215</u>

See Accompanying Notes

Approved:

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Lynne Laflamme Chairperson Maurice Lanthier Director of Education

Conseil scolaire francophone provincial

Statement of Current Revenues, Expenditures and Board Equity (Deficiency)

Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
Current Revenue (Schedule 1)		
Federal Government Grants	\$ 975 250	\$ 1 089 250
Provincial Government Grants	3 177 974	2 837 791
Donations	-	-
Ancillary Services	25 000	25 000
Miscellaneous	57 987	25 916
	<u>4 236 211</u>	<u>3 977 957</u>
Current Expenditures		
Pupil Services - federal grant	499 154	435 117
Administration - federal grant (Schedule 2)	597 190	573 243
Programs - federal grant	142 000	129 000
Instruction (Schedule 3)	2 327 849	2 248 013
Operations and Maintenance (Schedule 4)	445 009	358 941
Pupil Transportation (Schedule 5)	201 093	175 286
Ancillary Services (Schedule 6)	-	-
Interest Expense	-	-
Miscellaneous Expense (Schedule 7)	-	3
	<u>4 212 295</u>	<u>3 919 603</u>
23 111 Excess of Revenue over Expenditure before undernoted item	23 916	58 354
Transfer to Capital Fund	<u>73 065</u>	<u>19 247</u>
Excess of Expenditure over Revenue for the Period	(49 149)	39 107
Teacher severance pay accrual (Note 5)	<u>(20 870)</u>	<u>51 568</u>
Adjusted excess of Expenditure over Revenue	(70 019)	90 675
District Equity, Beginning of Year	(88 285)	(178 960)
Fund Balance (Deficiency), End of the Period	<u>\$ (158 304)</u>	<u>\$ (88 285)</u>

Conseil scolaire francophone provincial

Statement of Changes in Financial Position Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
60 Operating Activities		
011 Excess of Revenue over Expenditures (Expenditures over Revenue)	(70 019)	90 675
012 Changes in Non-Cash Working Capital		
013 - Short Term Investments	-	100 000
014 - Accounts Receivable	(159 135)	(132 290)
015 - Prepaid Expenses	29 398	(34 294)
- Deferred Charges	-	-
014 - Accounts Payable & Accrued Expenses	(58 074)	97 538
- Summer Pay Liability	253 792	-
015 - Amortization of deferred expenses	-	-
016 Other - Severance pay accrual	24 823	(47 739)
Other - Other employee benefits	8 771	6 647
Other - Deferred revenue	(52 602)	(75 850)
	<u>(23 046)</u>	<u>4 687</u>
61 Financing Activities		
011 Proceeds form Bank Loans	-	-
012 Grants - Capital	102 174	184 659
013 Other Capital Revenue	-	-
014 Changes in Long-Term Debt	-	-
015 Other	-	-
	<u>102 174</u>	<u>184 659</u>
62 Investing Activities		
011 Proceeds in Sale of Capital Assets	-	-
012 Additions to Property and Equipment	(102 174)	(184 659)
013 Other	-	-
	<u>(102 174)</u>	<u>(184 659)</u>
63 Increase (decrease) in Cash	(23 046)	4 687
64 Cash, Beginning of the Period	<u>13 542</u>	<u>8 855</u>
65 Cash, End of the Period	<u>\$ (9 504)</u>	<u>\$ 13 542</u>

Conseil scolaire francophone provincial

Statement of Changes in Capital Fund

Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
70 Capital Receipts		
71 Proceeds from Bank Loans		
011 - School Construction	\$ -	\$ -
012 - Equipment	-	-
013 - Service Vehicles	-	-
014 - Pupil Transportation	-	-
015 - Other	-	-
	<u>-</u>	<u>-</u>
72 Federal Grants		
011 School Construction and Equipment	-	-
012 Other	-	-
	<u>-</u>	<u>-</u>
73 Donations		
011 - Cash Receipts	-	-
012 - Non-Cash Receipts	-	-
013 - Restricted Use	-	-
	<u>-</u>	<u>-</u>
74 Sale of Capital Assets - Proceeds		
011 - Land & 012 Buildings	-	-
013 - Equipment	-	-
014 - Service Vehicles	-	-
015 - Pupil Transportation Vehicles	-	-
016 - Other	-	-
	<u>-</u>	<u>-</u>
75 Other Capital Revenues		
011 - Interest on Capital Fund Investments	-	-
012 - Premiums on Debentures	-	-
013 - Recoveries of Expenditures	-	-
015 - Insurance Proceeds	-	-
016 - Native Peoples Grants	-	-
017 - Miscellaneous		
- Department of Education Capital Grants	29 109	165 412
- Department of Education Info Technology Grants	-	-
- Cost sharing for Info Technology Grants	-	-
	<u>29 109</u>	<u>165 412</u>
Total Capital Receipts	<u>29 109</u>	<u>165 412</u>
77 Transfer from Reserve Account	-	-
78 Transfer to/from Current Fund	73 065	19 247
Total	<u>\$ 102 174</u>	<u>\$ 184 659</u>

See Accompanying Notes

Conseil scolaire francophone provincial

Statement of Changes in Capital Fund (Cont'd)

Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
80 <u>Capital Disbursements</u>		
81 Additions to Property & Equipment		
011 - Land and Sites	\$ -	\$ -
012 - Buildings	29 109	165 412
013 - Furniture & Equipment - School	62 396	5 705
014 - Furniture & Equipment - Other	10 669	13 542
015 - Service Vehicles	-	-
016 - Pupil Transportation	-	-
017 - Other	-	-
	<u>102 174</u>	<u>184 659</u>
82 Principal Repayment of Long Term Debt		
011 - School Construction	-	-
012 - Equipment	-	-
013 - Service Vehicles	-	-
014 - Other	-	-
	<u>-</u>	<u>-</u>
83 Miscellaneous Disbursements		
013 - Other	-	-
	<u>-</u>	<u>-</u>
Total Capital Disbursements	<u>\$ 102 174</u>	<u>\$ 184 659</u>

See Accompanying Notes

Conseil scolaire francophone provincial

Notes to the Financial Statements Year Ended June 30, 2003

1. Significant Accounting Policies:

The accompanying financial statement have been prepared on a fund accounting basis which is generally accepted for School Districts. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Districts to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the District, relating to their use of fund accounting, is as follows:

1. Grants received by the District are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the EIC (Education Investment Corporation) are recorded as capital revenues.
2. Fixed asset additions are recorded at full cost in the capital fund.
3. The District does not calculate or record depreciation on any of its fixed assets.

Conseil scolaire francophone provincial

Notes to the Financial Statements Year Ended June 30, 2003

		<u>2003</u>	<u>2002</u>
2.	<u>Accounts Receivable</u>		
	<u>Current</u>		
11	131 Provincial Government	\$ 280 677	\$ 32 038
	132 Transportation		
	133 Federal Government	32 002	139 157
	136 Other School Districts	-	-
	137 Rent	-	25 000
	138 Interest	1 212	309
	139 Travel Advances and Misc.	6 849	2 950
	<u>Capital</u>		
11	231 EIC - Construction Grants	32 142	
	233 Local Contributions		
	234 Other School Districts		
	235 Other		
		352 882	199 454

Conseil scolaire francophone provincial

Notes to the Financial Statements Year Ended June 30, 2003

		<u>2003</u>	<u>2002</u>
3.	<u>Accounts Payable and Accrued</u>		
	<u>Current</u>		
21	111 Trade Payable	\$ 15 992	\$ 12 520
	112 Accrued - Liabilities	25 849	124 460
	113 - Interest	-	-
	114 - Wages	31 324	28 439
	115 Payroll Deductions		
	116 Retail Sales Tax		
	117 Deferred Grants		
	118 Other	-	-
	<u>Capital</u>		
21	211 Trade Payable		
	212 Accrued - Liabilities		
	213 - Interest		
	217 Deferred Grants		
	218 Other		
		<u>73 165</u>	<u>165 419</u>

Conseil scolaire francophone provincial

Notes to the Financial Statements Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
4. Investment in Capital Assets, beginning of year	\$ 478 344	\$ 293 685
Add:		
Transfer of Operating Funds to Capital Fund	40 924	19 247
Grants		
- EIC - Contribution for Capital Construction	32 141	
- Other		
Capital Projects funded by EIC but paid directly to other sources on behalf of the District	29 109	165 412
Donations		
Proceeds from the sale of Capital Assets		
- Land		
- Buildings		
- Equipment		
- Vehicles		
- Other		
Interest on Capital Fund Investments		
Recoveries of Expenditures		
Insurance Proceeds - Capital		
Native Peoples Grants - Capital		
Miscellaneous		
	<u>102 174</u>	<u>184 659</u>
Deduct Adjustments		
Cost of assets sold		
- Land		
- Buildings		
- Equipment		
- Vehicles		
- Other		
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Other	<u>-</u>	<u>-</u>
23 221 Investment in Capital Assets, end of year	<u>\$ 580 518</u>	<u>\$ 478 344</u>

Conseil scolaire francophone provincial

Notes to the Financial Statements
Year Ended June 30, 2003

5. Accrued Severance Leave

The amount of \$20,870 for teachers' severance costs and the amount of \$3,953 for non-teaching staff severance costs are included in expenses. The amount of \$101,594 for teachers' severance costs and the amount of \$34,828 non-teaching staff severance costs for a total of \$136,422 are included in the liabilities.

The adjustment for teachers' severance pay is required by the Department of Education of the Government of Newfoundland and Labrador and has no impact on the operation of the School Board. No account receivable is included in the accounts to offset this liability.

The accrued severance leave for non-teaching personnel is funded out of the board's regular operating grants.

Conseil scolaire francophone provincial

Current Revenues
Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
<u>Current Revenues</u>		
Federal Government Grants		
Regular Operating Grants	\$ 975 250	\$ 1 089 250
32 010 Provincial Government Grants		
011 Regular Operating Grants	\$ 799 088	\$ 521 175
016 Special Grants		
- French Immersion	-	-
- Official Language Monitor	50 002	33 457
- French Language recuperation	-	-
- Textbook credit allocation	334	106
- Communication Tech	-	-
- Other	49 853	64 525
Salaries and Benefits		
017 - Superintendent and Asst. Supts.	-	-
021 - Regular Teachers	1 954 524	1 942 928
022 - Substitute Teachers	93 625	69 050
- Student Assistants	30 634	31 264
030 - Pupil Transportation	-	-
031 - Board Owned	-	-
032 - Contracted	199 913	175 286
033 - Handicapped	-	-
	<u>3 177 974</u>	<u>2 837 791</u>
33 010 Donations		
012 Cash Receipts	-	-
013 Non Cash Receipts	-	-
014 Restricted Use	-	-
	<u>-</u>	<u>-</u>
34 010 Ancillary Services		
011 Revenues from Rental of Residences	-	-
021 Revenues from Rental of Schools and Facilities (Net)	-	-
031 Cafeterias	-	-
032 Other	25 000	25 000
	<u>25 000</u>	<u>25 000</u>

Conseil scolaire francophone provincial

Current Revenues
Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
35 01C Miscellaneous		
011 Interest on Investments	\$ 2 979	\$ 4 304
012 Bus Charters	-	-
021 Recoveries of Expenditures (Workers' Comp.)	-	-
031 Revenues from Other School Boards	-	-
051 Insurance Proceeds	-	-
061 Bilingual Education Revenue	-	-
071 Operating Rev. from Native Peoples Grant	-	-
081 Miscellaneous Federal Grants	32 681	(3 850)
091 Textbooks	-	-
092 Other		
- Mining Company Grants	22 027	21 806
- User pay bussing	-	-
- Tutoring for tuition	300	700
- Sundry	-	2 956
	<u>57 987</u>	<u>25 916</u>
Total Current Revenues	<u>\$ 4 236 211</u>	<u>\$ 3 977 957</u>

Schedule 2

Conseil scolaire francophone provincial

Administration Expenditures
Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
51 Salaries and Benefits		
011 - Superintendents and Assistant Superintendents	181 676	166 165
012 - Board Office Personnel	211 810	192 410
013 Office Supplies	7 036	4 359
014 Replacement Furniture and Equipment	2 137	408
015 Postage	6 189	4 245
016 Telephone	16 902	21 948
017 Office Equipment Rentals and Repairs	3 815	17 761
018 Bank Charges	2 364	2 435
019 Electricity	-	-
021 Fuel	-	-
022 Insurance	-	-
023 Repairs and Maintenance - Office Building	-	827
024 Travel	34 007	27 224
025 Board Meeting Expenses	33 394	28 860
026 Election Expenses	-	-
027 Professional Fees	27 019	30 407
028 Advertising - Recruitment	26 299	23 957
029 Membership Dues	10 639	9 279
031 Municipal Service Fees	-	-
032 Rental of Office Space	33 438	37 660
033 Relocation Expenses	-	-
034 Miscellaneous	354	672
Forums	-	2 284
035 Payroll Tax	-	-
Training	\$ 110	\$ 2 342
Total Administration Expenditures	<u>\$ 597 190</u>	<u>\$ 573 243</u>

Schedule 3

Conseil scolaire francophone provincial

Instruction Expenditures
Year Ended June 30, 2003

	2003	2002
# 10 Instructional Salaries (Gross)		
11 Teachers' Salaries - Regular	\$ 1 632 183	\$ 1 634 317
12 - Substitute	62 261	62 764
13 - Board Paid	27 496	6 629
14 Augmentation	-	-
15 Employee Benefits	292 966	274 345
16 School Secretaries - Salaries & Benefits	59 634	48 325
17 Payroll Tax	34 109	34 267
18 Other - Salaries & Benefits - program asst	-	5 441
Other - Salaries & Benefits - student asst	24 750	27 280
Other - Salaries & Benefits - Labrador	16 391	19 730
	<u>2 149 790</u>	<u>2 113 098</u>
# 40 Instructional Materials		
41 General Supplies	11 387	13 213
42 Library Resource Materials	-	-
43 Teaching Aids	9 868	16 820
44 Textbooks	3 552	4 304
	<u>24 807</u>	<u>34 337</u>
# 60 Instructional Furniture and Equipment		
61 Replacement	343	4 371
62 Rentals and Repairs	6 566	5 299
	<u>6 909</u>	<u>9 670</u>
# 80 Instructional Staff Travel		
81 Program Co-ordinators	27 778	31 704
82 Teachers' Travel	15 062	18 585
83 Inservice and Conferences	6 271	4 347
	<u>49 112</u>	<u>54 636</u>
# 90 Other Instructional Costs		
91 French Monitor Program	54 872	36 272
92 Miscellaneous	-	-
Special Needs assessments	8 262	-
Kinderstart	16 410	-
Tuition - Blanc-Sablon	17 688	-
	<u>97 232</u>	<u>36 272</u>
Total Instruction Expenditures	<u>\$ 2 327 849</u>	<u>\$ 2 248 013</u>

Schedule 4

Conseil scolaire francophone provincial

Operations and Maintenance Expenditures - Schools
Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
53 011 Salaries - Janitorial	\$ 127 083	\$ 111 766
012 - Maintenance - Summer !	9 256	3 736
013 Payroll Tax	-	-
014 Electricity	95 991	76 352
015 Fuel	-	7 496
016 Municipal Service Fee	7 454	6 814
017 Telephone	20 277	25 028
Communications - Distance education	1 301	1 462
018 Vehicle Operating and Travel	248	-
019 Janitorial Supplies	7 980	9 857
021 Janitorial Equipment	2 288	-
022 Repairs and Maintenance - Buildings	36 906	31 311
023 - Equipment	14 438	-
024 Contracted Services - Janitorial	-	-
025 Snow Clearing	23 351	24 749
026 Rentals	95 977	60 370
027 Other (Miscellaneous)	2 460	-
Total Operations and Maintenance	<u>\$ 445 009</u>	<u>\$ 358 941</u>

Conseil scolaire francophone provincial

Pupil Transportation Expenditure
Year Ended June 30, 2003

		<u>2003</u>	<u>2002</u>
54	010 Operation and Maintenance of Board Owned Fleet	\$ -	\$ -
	011 Salaries and Benefits- Administration	-	-
	012 - Drivers and Mechanics	-	-
	013 Payroll Tax	-	-
	014 Debt Repayment- Interest	-	-
	015 - Principal	-	-
	016 Bank Charges	-	-
	017 Gas and Oil	-	-
	018 Licenses	-	-
	019 Insurance	-	-
	021 Repairs and Maintenance - Fleet	-	-
	022 - Building	-	-
	023 Tires and Tubes	-	-
	024 Heat and Light	-	-
	025 Municipal Service	-	-
	026 Snow Clearing	-	-
	027 Office Supplies	-	-
	028 Rent	-	-
	029 Travel	-	-
	031 Professional Fees	-	-
	032 Miscellaneous	-	-
	033 Telephone	-	-
	034 Vehicle Leases	-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
54	040 Contracted Services		
	041 Regular Transportation	201 093	175 286
	042 Handicapped	-	-
		<u>201 093</u>	<u>175 286</u>
	Pupil Transportation Expenditures	<u>\$ 201 093</u>	<u>\$ 175 286</u>

Conseil scolaire francophone provincial

Ancillary Services and Miscellaneous Expenses Year Ended June 30, 2003

Schedule 6

Ancillary Services

The Board owns and operates the following ancillary services:

	<u>2003</u>	<u>2002</u>
# Ancillary Services		
011 Operation of Teachers' Residences	\$ -	\$ -
031 Cafeterias	-	-
032 Other - Environmental Centre	-	-
	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>

Schedule 7

Miscellaneous Expenses

The Board has incurred the following miscellaneous expenses:

Other	-	3
	<u>-</u>	<u>3</u>
# 011 Miscellaneous Expenses	<u>\$ -</u>	<u>\$ 3</u>

Conseil scolaire francophone provincial

Details of Property and Equipment
Year Ended June 30, 2003

	Balance July 1, 2002	Additions	Disposals	Balance June 30, 2003
12 210 Land and Sites				
211 Land and Sites	\$ -	\$ -	\$ -	\$ -
12 220 Buildings				
221 Schools	165 412	29 109	-	194 521
222 Administration	-	-	-	-
223 Residential	-	-	-	-
224 Recreational	-	-	-	-
225 Other	-	-	-	-
	<u>165 412</u>	<u>29 109</u>	<u>-</u>	<u>194 521</u>
12 230 Furniture and Equip.				
231 Schools	203 266	62 396	-	265 662
232 Administration	109 666	10 669	-	120 335
233 Residential	-	-	-	-
234 Recreation	-	-	-	-
235 Other	-	-	-	-
	<u>312 932</u>	<u>73 065</u>	<u>-</u>	<u>385 997</u>
12 240 Vehicles				
241 Service Vehicles	-	-	-	-
12 250 Pupil Transportation				
251 Land	-	-	-	-
252 Building	-	-	-	-
253 Vehicles - Buses	-	-	-	-
254 - Service	-	-	-	-
255 Equipment	-	-	-	-
256 Other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
12 260 Misc. Capital Assets				
261 Other	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Property and Equipment	<u>\$ 478 344</u>	<u>\$ 102 174</u>	<u>\$ -</u>	<u>\$ 580 518</u>

Schedule 9

Conseil scolaire francophone provincial

Details of Long Term Debt

Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
	<u>\$</u>	<u>\$</u>
# 210 Loans Other than Pupil Transportation		
Ref. #		
211 Bank Loans		
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
Total 211	-	-
212 Mortgages		
___ Repayable \$ _____ annually, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
Total 212	-	-
213 Debentures		
___ Repayable \$ _____ annually, maturing _____	-	-
___ Repayable \$ _____ monthly, maturing _____	-	-
Total 213	-	-
Subtotal	-	-
215 Less Current Maturities	-	-
Total Loans Other Than Pupil Transportation	-	-

Schedule 9A

Conseil scolaire francophone provincial

Summary of Long Term Debt
Year Ended June 30, 2003

Description	Ref#	Rate	Loans		Principal Repayment for Period	Balance End of Period
			Balance Beginning of Period	Obtained During Period		
A; School Construction			\$ -	\$ -	\$ -	\$ -
B; Equipment			-	-	-	-
C; Service Vehicles			-	-	-	-
D; Other Integrated Education Council 8% - 9 3/4%			-	-	-	-
E; Pupil Transportation			-	-	-	-
Total Loans			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule 9B

Conseil scolaire francophone provincial

Schedule of Current Maturities
Year Ended June 30, 2003

Description	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
A) School Construction	\$ -	\$ -	\$ -	\$ -	\$ -
B) Equipment	-	-	-	-	-
C) Service Vehicles	-	-	-	-	-
D) Other	-	-	-	-	-
E) Pupil Transportation	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule 9C

Conseil scolaire francophone provincial

Schedule of Interest Expense
Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
56 010		
<u>Description</u>		
012 Capital		
School Construction	\$ -	\$ -
IEC	-	-
Equipment	-	-
Service Vehicles	-	-
Other		
Energy Management	-	-
Total Capital	-	-
013 Current - Operating Loans	-	-
014 - Supplier Interest	-	-
- Charges	-	-
Total Current	-	-
Total Interest Expense	\$ -	\$ -

Conseil scolaire francophone provincial

Supplementary Information Year Ended June 30, 2003

		<u>2003</u>	<u>2002</u>
1.	<u>Cash</u>		
	<u>Current</u>		
11	110 Cash on Hand and in Bank	\$ -	\$ -
	111 Cash on Hand	-	-
	112 Bank - Current	(9 503)	13 542
	113 - Savings	-	-
	114 - Teachers' Payroll	-	-
	115 - Non Teachers' Payroll	-	-
	116 - Coupon (Debenture)	-	-
	117 - Other (Petty Cash)	-	-
		<u>(9 503)</u>	<u>13 542</u>
	<u>Capital</u>		
11	210 Cash on Hand and in Bank	-	-
	211 Cash on Hand	-	-
	212 Bank - Current	-	-
	213 - Savings	-	-
	214 - Other	-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
	Total Cash on Hand and in Bank	<u>(9 503)</u>	<u>13 542</u>
2.	<u>Short Term Investments</u>		
	<u>Current</u>		
11	121 Term Deposits	100 000	100 000
	122 Canada Savings Bonds	-	-
	123 Other		
	- Canada Treasury Bills	-	-
	- Mutual Funds	-	-
	- Balance in Broker account	-	-
	- Guaranteed Investment Certificate	-	-
	<u>Capital</u>		
11	221 Term Deposits	-	-
	222 Canada Savings Bonds	-	-
	223 Other	-	-
		<u>-</u>	<u>-</u>
	Total Short Term Investments	<u>\$ 100 000</u>	<u>\$ 100 000</u>

Conseil scolaire francophone provincial

Supplementary Information
Year Ended June 30, 2003

		<u>2003</u>	<u>2002</u>
3.	<u>Prepaid Expenses</u>		
	<u>Current</u>		
11	141 Insurance		
	142 Municipal Service Fees	\$ -	\$ -
	143 Supplies	-	-
	144 Other		
	- Building Leases - July month	9 932	8 085
	- Workers' Compensation Commission	4 787	6 969
	- Garbage collection	-	-
	- Vehicle insurance	-	-
	- Airplane Tickets	715	12 753
	- Strategic Planning - advance	-	13 818
	- Moving expenses - advance	-	4 134
	- Other	927	-
		-	-
	<u>Capital</u>	-	-
11	241 Other		
		<u>\$ 16 361</u>	<u>\$ 45 759</u>

**CONSUMER PROTECTION FUND FOR
PREPAID FUNERAL SERVICES**

FINANCIAL STATEMENTS

31 MARCH 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Minister of Government Services
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Consumer Protection Fund for Prepaid Funeral Services as at 31 March 2004 and the statements of revenues, expenses and deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at 31 March 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read "John L. Noseworthy".

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
9 July 2004

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES

BALANCE SHEET

31 March

2004

2003

ASSETS

Current

Cash	\$ 5,614	\$ -
Accounts receivable	1,051	646

	\$ 6,665	\$ 646
--	----------	--------

LIABILITIES AND DEFICIT

Current

Bank indebtedness (Note 2)	\$ 143,802	\$ 132,835
Accounts payable and accrued liabilities	1,720	1,200

	145,522	134,035
--	---------	---------

Liability for claims arising from

prepaid funeral services contracts (Note 3)	280,176	308,930
---	---------	---------

	425,698	442,965
--	---------	---------

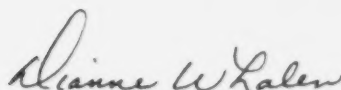
Deficit

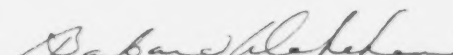
	(419,033)	(442,319)
--	-----------	-----------

	\$ 6,665	\$ 646
--	----------	--------

See accompanying notes

Signed on behalf of the Fund:


Minister of Government Services


Deputy Minister of Government Services

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES
STATEMENT OF REVENUES, EXPENSES AND DEFICIT
For the Year Ended 31 March

2004

2003

REVENUES

Assessments (Note 4)	\$ 32,218	\$ 42,743
----------------------	-----------	-----------

EXPENSES

Claims arising from prepaid funeral services contracts (Note 3)	405	172
Interest and bank charges	6,427	5,863
Professional services	2,100	1,439

	8,932	7,474
--	-------	-------

Excess of revenues over expenses	23,286	35,269
----------------------------------	--------	--------

Deficit, beginning of year	(442,319)	(477,588)
----------------------------	-----------	-----------

Deficit, end of year	\$ (419,033)	\$ (442,319)
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See accompanying notes

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES
STATEMENT OF CASH FLOWS
For the Year Ended 31 March

	2004	2003
Cash flows from operating activities		
Excess of revenues over expenses	\$ 23,286	\$ 35,269
Change in non-cash working capital	115	(3,513)
	<u>23,401</u>	<u>31,756</u>
Cash flows from financing activities		
Liability for claims arising from prepaid funeral services contracts (Note 3)	405	172
Payment of claims arising from prepaid funeral services contracts (Note 3)	(29,159)	(46,202)
	<u>(28,754)</u>	<u>(46,030)</u>
Net decrease in cash and cash equivalents	(5,353)	(14,274)
Cash and cash equivalents, beginning of year	(132,835)	(118,561)
Cash and cash equivalents, end of year	\$ (138,188)	\$ (132,835)

Cash and cash equivalents include:

Cash	\$ 5,614	\$ -
Bank indebtedness	(143,802)	(132,835)
	<u>\$ (138,188)</u>	<u>\$ (132,835)</u>

See accompanying notes

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES
NOTES TO FINANCIAL STATEMENTS
31 March 2004

Authority

The Consumer Protection Fund for Prepaid Funeral Services (the Assurance Fund) was established under the *Prepaid Funeral Services Act* for the purpose of paying in whole or in part, claims arising out of a prepaid funeral contract against a person who holds or held a licence under the *Act*.

1. Significant accounting policies

These financial statements have been prepared by the Assurance Fund's management in accordance with Canadian generally accepted accounting principles.

2. Bank indebtedness

The Assurance Fund has a \$200,000 revolving demand credit facility guaranteed by the Province. Interest is charged at the bank's prime rate. As at 31 March 2004, \$143,802 (2003 - \$132,835) had been drawn down on this line of credit.

3. Liability for claims arising from prepaid funeral services contracts

The liability for claims arising from prepaid funeral services contracts resulted from the failure of a funeral home in Port aux Basques in November 2000 where 88 customers had purchased prepaid funerals totalling \$492,790. Additional claims have been recognized where contracts entered into by the 88 customers included only Goods and Services Tax (GST), but are now subject to Harmonized Sales Tax (HST). During the year 5 claims (2003 - 11) relating to these prepaid funeral services contracts were paid by the Assurance Fund. Details of the change in the liability are as follows:

	<u>2004</u>	<u>2003</u>
Liability, beginning of year	\$ 308,930	\$ 354,960
Additional claims arising during the year	405	172
Payment of claims during the year	(29,159)	(46,202)
Liability, end of year	\$ 280,176	\$ 308,930

All payments made to funeral homes which subsequently performed the contracted services are net of Harmonized Sales Tax (HST), pending a ruling from the Canada Revenue Agency (CRA). The Province is in the process of determining whether the closed funeral home in Port aux Basques had submitted HST to the CRA.

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES
NOTES TO FINANCIAL STATEMENTS
31 March 2004

4. Assessments

A seller of prepaid funeral services is required to pay into the Assurance Fund between 1% and 5% of the cost of each prepaid funeral contract depending on the amount held in trust. During the year, \$32,218 (2003 - \$42,743) was paid to the Assurance Fund.

5. Financial instruments

The Assurance Fund's financial instruments recognized on the balance sheet consist of cash, accounts receivable, bank indebtedness, and accounts payable and accrued liabilities, the carrying values of which approximate fair value due to the normal trade credit terms and conditions of these instruments.

6. Related party transactions

The Assurance Fund is administered by employees of the Department of Government Services. The costs of administration are paid directly by the Department and are not reflected in these financial statements. The costs of administration are offset by licence fees collected by the Department.

7. Income taxes

The Assurance Fund is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

CORMACK TRAIL SCHOOL BOARD
STEPHENVILLE, NEWFOUNDLAND

FINANCIAL STATEMENTS/AUDITOR'S REPORT

June 30, 2003

Auditors' Report

To The Members of The Cormack Trail School Board

We have audited the balance sheet of the current and capital funds of the Cormack Trail School Board as at June 30, 2003, and the related statements of current revenues, expenditures and Board equity, and statement of changes in capital fund position for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

As required by Section 66 (2) of The Schools Act, we report that the employees whose duties include collecting, receiving or depositing of money are bonded in amounts considered to be sufficient.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2003 and the results of its operations and changes in its capital financial position for the year then ended, in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.


Chartered Accountants

Stephenville, Newfoundland
City

August 11, 2003
Date

Cormack Trail School Board

BALANCE SHEET

June 30, 2003

Assets

	<u>2003</u>	<u>2002</u>
Current Assets		
Cash (Supp. Info. 1)	\$ 613,940	\$ 646,087
Short Term Investments (Supp. Info. 2)	--	4,300
Accounts Receivable (Note 2)	3,958,948	3,878,931
Prepaid Expenses (Supp. Info. 3)	<u>49,117</u>	<u>32,993</u>
Total Current Assets	<u>4,622,005</u>	<u>4,562,311</u>
Property and Equipment (Sch. 8)	<u>69,109,624</u>	<u>69,552,665</u>
	<u>\$ 73,731,629</u>	<u>\$ 74,114,976</u>
 <u>Liabilities and Board Equity</u>		
Current Liabilities		
Bank Indebtedness (Note 3)	\$ --	\$ --
Accounts Payable and Accrued (Note 4)	4,227,624	4,419,377
Current Maturities (Schedule 9A)	<u>40,000</u>	<u>--</u>
Total Current Liabilities	<u>4,267,624</u>	<u>4,419,377</u>
Long-Term Debt (Schedule 9)	<u>--</u>	<u>--</u>
Severance Pay Accrual	<u>7,812,118</u>	<u>7,398,059</u>
Board Equity		
Investment in Capital Assets (Note 6)	69,162,100	69,605,139
Reserve Account (Note 5)	200,987	--
Board Equity	<u>(7,711,200)</u>	<u>(7,307,599)</u>
Total Board Equity	<u>61,651,887</u>	<u>62,297,540</u>
	<u>\$ 73,731,629</u>	<u>\$ 74,114,976</u>

See Accompanying Notes

Approved: _____

Chairman

Secretary

Cormack Trail School Board

Statement of Current Revenues, Expenditures and Board Equity
Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
Current Revenue (Schedule 1)		
Provincial Government Grants	\$ 41,707,422	\$ 40,027,337
Donations	--	--
Ancillary Services	12,250	9,750
Miscellaneous	<u>680,839</u>	<u>529,391</u>
	<u>42,400,511</u>	<u>40,566,478</u>
Current Expenditures		
Administration (Schedule 2)	1,134,024	1,070,033
Instruction (Schedule 3)	35,590,854	34,013,424
Operations and Maintenance (Schedule 4)	4,155,541	3,632,501
Pupil Transportation (Schedule 5)	2,062,211	1,958,936
Ancillary Services (Schedule 6)	8,167	6,201
Interest Expense (Schedule 9C)	1,129	19
Miscellaneous (Schedule 7)	<u>20,151</u>	<u>15,477</u>
	<u>42,972,077</u>	<u>40,696,591</u>
23 111 Excess of Revenue over Expenditures	(571,566)	(130,113)
Transfer to/from Capital	<u>167,965</u>	<u>--</u>
Net Increase/Decrease in Board Equity	(403,601)	(130,113)
Board Equity, Beginning of Year	<u>(7,307,599)</u>	<u>(7,177,486)</u>
	(7,711,200)	(7,307,599)
Less Transferred to Reserve Account	<u>--</u>	<u>--</u>
Board Equity, End of Year	<u>\$ (7,711,200)</u>	<u>\$ (7,307,599)</u>

See Accompanying Notes

Cormack Trail School Board

Statement of Changes in Financial Position

Year Ended June 30, 2003

		<u>2003</u>	<u>2002</u>
60	<u>Operating Activities</u>		
011	Excess of Revenue over Expenditures	\$ (571,566)	\$ (130,113)
012	Changes in Non-Cash Working Capital	--	--
013	- Short-Term Investments	4,300	(4,300)
014	- Accounts Receivable	(80,017)	(185,112)
015	- Prepaid Expenses	(16,124)	(4,391)
014	- Accounts Payable & Accrued Expenses	(191,753)	(27,166)
015	- Current Maturities	40,000	--
016	Other (Specify)		
	- Increase (Decrease) in Severance		
	Pay Accrual	414,059	252,132
	- Increase in reserve account	<u>200,987</u>	<u>--</u>
		<u>(200,114)</u>	<u>(98,950)</u>
61	<u>Financing Activities</u>		
011	Proceeds from Bank Loans	90,000	--
012	Grants - Capital	719,923	512,273
013	Other Capital Revenues	--	28,962
014	Changes in Long-Term Debt	--	--
015	Other (Specify)		
	- Recovery of Expenditures	--	--
	- CEC Grant Transferred to French Board	--	--
	- accrual of capital expenditures	<u>120,000</u>	<u>--</u>
		<u>929,923</u>	<u>541,235</u>
62	<u>Investing Activities</u>		
011	Proceeds on Sale of Capital Assets	13,076	--
012	Additions to Property and Equipment	(774,876)	(541,235)
013	Other (Specify)	<u>(156)</u>	<u>--</u>
		<u>(761,956)</u>	<u>(541,235)</u>
63	Increase (Decrease) in Cash	<u>(32,147)</u>	<u>(98,950)</u>
64	Cash, Beginning of The Year	<u>646,087</u>	<u>745,037</u>
65	Cash, End of The Year	<u>\$ 613,940</u>	<u>\$ 646,087</u>

See Accompanying Notes

Cormack Trail School Board
Statement of Changes in Capital Fund
Year Ended June 30, 2003

		<u>2003</u>	<u>2002</u>
70	Capital Receipts		
71	Proceeds from Bank Loans		
	011 - School Construction	\$ --	\$ --
	012 - Equipment	--	--
	013 - Service Vehicles	90,000	--
	014 - Pupil Transportation	--	--
	015 - Other-accrual of capital expenditure	<u>120,000</u>	<u>--</u>
		<u>210,000</u>	<u>--</u>
72	EIC Grants		
	011 School Construction and Equipment	--	47,912
	012 Other	<u>--</u>	<u>--</u>
		<u>--</u>	<u>47,912</u>
73	Donations		
	011 - Cash Receipts	--	--
	012 - Non-Cash Receipts	--	--
	013 - Restricted Use	<u>--</u>	<u>28,962</u>
		<u>--</u>	<u>28,962</u>
74	Sale of Capital Assets - Proceeds		
	011 - Land	12,076	--
	012 - Buildings	--	--
	013 - Equipment	--	--
	014 - Service Vehicles	1,000	--
	015 - Pupil Transportation Vehicles	--	--
	016 - Other-specify	<u>--</u>	<u>--</u>
		<u>13,076</u>	<u>--</u>
75	Other Capital Revenues		
	011 - Interest on Capital Fund Investments	--	--
	012 - Premiums on Debentures	--	--
	013 - Recoveries of Expenditures	--	--
	015 - Insurance Proceeds	--	--
	016 - Native Peoples Grants	--	--
	017 - Miscellaneous - Special Incentives	585,500	464,361
	- Special Incentives (Grandy's River Collegiate)	<u>134,423</u>	<u>--</u>
		<u>719,923</u>	<u>464,361</u>
	Total Capital Receipts	<u>942,999</u>	<u>541,235</u>
77	Transfer from Reserve Account	<u>--</u>	<u>--</u>
78	Transfer to/from Current Fund	<u>(167,965)</u>	<u>--</u>
	Total	<u>\$ 775,034</u>	<u>\$ 541,235</u>

See Accompanying Notes

Cormack Trail School Board

Statement of Changes in Capital Fund (Cont'd)

Year Ended June 30, 2003

		<u>2003</u>	<u>2002</u>
80	<u>Capital Disbursements</u>		
81	<u>Additions to Property & Equipment</u>		
011	- Land and Sites	\$ --	\$ --
012	- Buildings	427,183	458,167
013	- Furniture & Equipment - School	264,788	83,068
014	- Furniture & Equipment - Other	--	--
015	- Service Vehicles	82,907	--
016	- Pupil Transportation	--	--
017	- Other (Specify)	--	--
		<u>774,878</u>	<u>541,235</u>
82	<u>Principal Repayment of Long-Term Debt</u>		
011	- School Construction	--	--
012	- Equipment	--	--
013	- Service Vehicles	--	--
014	- Other (Specify)	--	--
		<u>--</u>	<u>--</u>
83	<u>Miscellaneous Disbursements</u>		
013	- Other (Specify)	<u>156</u>	<u>--</u>
	<u>Total Capital Disbursements</u>	<u>\$ 775,034</u>	<u>\$ 541,235</u>

See Accompanying Notes

Cormack Trail School Board

Notes to The Financial Statements

Year Ended June 30, 2003

1. Significant Accounting Policies:

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Boards to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting, is as follows:

(a) Grants received by the Board are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the EIC (Education Investment Corporation) are recorded as capital revenues. Also, amounts paid to construction companies from the EIC on behalf of the Board for capital projects are treated as capital revenues.

(b) Capital asset additions are recorded at full cost in the capital fund.

(c) The Board does not calculate or record amortization on any of its capital assets.

Cormack Trail School Board
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2003

2. <u>Accounts Receivable</u>		<u>2003</u>	<u>2002</u>
<u>Current</u>			
11	131 Provincial Government	\$ 3,786,621	\$ 3,610,369
132	Transportation	--	--
133	Federal Government	154,692	243,629
136	Other School Boards	--	--
137	Rent	--	--
138	Interest	--	--
139	Travel Advances and Miscellaneous	17,635	24,933
		3,958,948	3,878,931
<u>Capital</u>			
11	231 EIC - Construction Grants	--	--
233	Local Contributions	--	--
234	Other School Boards	--	--
235	Other (Specify) - Province	--	--
		--	--
		<u>\$ 3,958,948</u>	<u>\$ 3,878,931</u>
3. <u>Bank Indebtedness</u>			
21	131 On Operating Credit	\$ --	\$ --
132	On Capital Account	--	--
		<u>\$ --</u>	<u>\$ --</u>

Cormack Trail School Board

Notes to the Financial Statements

Year Ended June 30, 2003

4. Accounts Payable and Accrued

		<u>2003</u>	<u>2002</u>
	<u>Current</u>		
21 111	Trade Payable	\$ 82,530	\$ 141,322
112	Accrued - Liabilities	159,004	287,086
113	- Interest	--	--
114	- Wages	3,864,234	3,502,575
115	Payroll Deductions	5,231	(1,152)
116	Retail Sales Tax	--	--
117	Deferred Grants	110,866	47,769
118	Other - Playground donation	--	4,300
	- Vacation Payable	113,180	96,809
	- Severance Pay	<u>7,698,938</u>	<u>7,301,250</u>
		12,033,983	11,379,959
	<u>Capital</u>		
21 211	Trade Payable		
212	Accrued - Liabilities	5,759	326,738
213	- Interest	--	--
217	Deferred Grants	--	<u>110,739</u>
218	Other (Specify)	--	--
		<u>12,039,742</u>	<u>\$ 11,817,436</u>

Cormack Trail School Board
Notes to the Financial Statements
Year Ended June 30, 2003

5. Reserve Account

Description:

	<u>2003</u>	<u>2002</u>
Balance, Beginning of Year	\$ --	\$ --
Less Transfer from Reserve	<u>--</u>	<u>--</u>
	--	--
Add Transfer to Reserve	<u>200,987</u>	<u>--</u>
Balance, End of Year	<u><u>\$ 200,987</u></u>	<u><u>\$ --</u></u>

Cormack Trail School Board
Notes to The Financial Statements
Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
6. Investment in Capital Assets, beginning of year	\$69,605,139	\$ 69,063,904
Add:		
Transfer of Operating funds to Capital Fund	(167,965)	--
Grants		
- EIC - Contribution for Capital Const.	--	47,912
- Other - Special Incentives	585,500	464,361
Capital projects funded by EIC but paid directly to other sources on behalf of Board.	--	--
Donations - Playground equipment	--	28,962
Proceeds from Sale of Capital Assets		
- Land	12,076	--
- Buildings	--	--
- Equipment	--	--
- Vehicles	1,000	--
- Other-Bank loan principle	90,000	--
Interest on Capital Fund Investments	--	--
Recoveries of Expenditures	--	--
Insurance Proceeds - Capital	--	--
Native Peoples Grants - Capital	--	--
Miscellaneous (Specify)-Reserve Account	--	--
-Accruals of capital expenditure	120,000	--
- special incentive (Grandy's River Collegiate)	134,423	--
	<u>70,380,173</u>	<u>69,605,139</u>
Deduct Adjustments:		
Cost of assets sold		
- Land	(14,076)	--
- Buildings	(1,106,385)	--
- Equipment	--	--
- Vehicles	(97,456)	--
- Other	--	--
	<u>(1,217,917)</u>	<u>--</u>
Other	<u>(156)</u>	<u>--</u>
23 221 Investment in Capital Assets, End of Year	<u>\$69,162,100</u>	<u>\$ 69,605,139</u>

Cormack Trail School Board
Notes to The Financial Statements
Year Ended June 30, 2003

7. Commitments

At balance sheet date the Board had the following commitments:

8. Prior Period Adjustment

The Board has recorded a summer pay liability for each of the fiscal years ended in 2002 and 2003. The financial statements reflect a provincial grant receivable and a teachers pay liability of \$ 3,764,356 and \$ 3,482,464 for the fiscal years ended 2003 and 2002 respectively. As a result the 2002 figures have been adjusted accordingly for comparative purposes.

Cormack Trail School Board

Current Revenues

Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
<u>Current Revenues</u>		
32 010 Provincial Government Grants		
011 Regular	\$ 5,879,572	\$ 5,666,121
016 Special Grants (Details on bottom of Schedule 1)	67,672	48,920
Salaries and Benefits		
017 - Directors and Asst. Directors	266,706	282,527
021 - Regular Teachers	31,877,220	30,509,627
022 - Substitute Teachers	728,928	825,216
023 - Student Assistants	826,740	706,352
030 Pupil Transportation	--	--
031 - Board Owned	--	--
032 - Contracted	1,742,464	1,736,338
033 - Handicapped	<u>318,120</u>	<u>252,236</u>
	<u>41,707,422</u>	<u>40,027,337</u>
33 010 Donations		
012 Cash Receipts	--	--
013 Non-Cash Receipts	--	--
014 Restricted Use	<u>--</u>	<u>--</u>
	<u>--</u>	<u>--</u>

Schedule 1 (Cont'd)

Cormack Trail School Board

Current Revenues

Year Ended June 30, 2003

		<u>2003</u>	<u>2002</u>
34	010 Ancillary Services		
	011 Revenues from Rental of Residences	\$ 12,250	\$ 9,750
	021 Revenues from Rental of Schools and Facilities (Net)	--	--
	031 Cafeterias	--	--
	032 Other - (Specify)	--	--
		<u>12,250</u>	<u>9,750</u>
35	010 Miscellaneous		
	011 Interest on Investments	30,787	27,462
	012 Bus Charters	--	--
	021 Recoveries of Expenditures	102,850	192,264
	031 Revenues from Other School Boards	--	--
	051 Insurance Proceeds	134,304	--
	061 Miscellaneous Provincial Grant	110,726	119,436
	071 Operating Rev. from Native Peoples Grant	--	--
	081 Miscellaneous Federal Grants	210,584	105,291
	091 Textbooks	84,088	77,208
	092 Sundry	7,500	7,730
		<u>680,839</u>	<u>529,391</u>
	Total Current Revenues	<u>\$ 42,400,511</u>	<u>\$ 40,566,478</u>
	<u>Special Grants</u>		
	French Monitor	\$ 12,530	\$ 410
	French Immersion	11,194	19,085
	Kinderstart	--	1,544
	School Board Election Grant	--	9,087
	Textbook Credit Allocation	11,740	15,473
	English Preschool	--	3,321
	Other (Specify)	32,208	--
		<u>\$ 67,672</u>	<u>\$ 48,920</u>

Cormack Trail School Board
Administration Expenditures
Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
51 Salaries and Benefits		
011 - Directors and Assistant Directors	\$ 247,125	\$ 282,527
012 - Board Office Personnel	525,089	443,356
013 Office Supplies	24,093	22,542
014 Replacement Furniture and Equipment	995	3,950
015 Postage	18,759	24,555
016 Telephone	35,606	25,514
017 Office Equipment Rentals and Repairs	19,307	19,205
018 Bank Charges	--	192
019 Electricity	6,586	7,248
021 Fuel	12,379	7,268
022 Insurance	4,573	--
023 Repairs and Maintenance (Office Building)	--	--
024 Travel	130,653	111,357
025 Board Meeting Expenses	8,158	6,901
026 Election Expenses	--	9,077
027 Professional Fees	42,485	46,721
028 Advertising	31,334	26,668
029 Membership Dues	25,994	27,167
031 Municipal Service Fees	648	--
032 Rental of Office Space	--	--
033 Janitorial	--	--
034 Miscellaneous	240	--
035 Payroll Tax	--	--
Total Administration Expenditures	<u>\$ 1,134,024</u>	<u>\$ 1,070,033</u>

Cormack Trail School Board

Instruction Expenditures

Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
52 010 Instructional Salaries (Gross)		
011 Teachers' Salaries - Regular	\$ 27,669,587	\$ 26,271,829
012 - Substitute	800,851	825,216
013 - Board Paid	86,730	39,029
014 Augmentation	--	--
015 Employee Benefits	4,530,828	4,311,326
016 School Secretaries - Salaries & Benefits	519,299	428,180
017 Payroll Tax	--	--
018 Other - Student Assistants	<u>806,370</u>	<u>706,352</u>
	<u>34,413,665</u>	<u>32,581,932</u>
52 040 Instructional Materials		
041 General Supplies	158,999	151,585
042 Library Resource Materials	24,596	28,029
043 Teaching Aids	170,045	241,202
044 Textbooks	<u>82,951</u>	<u>77,728</u>
	<u>436,591</u>	<u>498,544</u>
52 060 Instructional Furniture and Equipment		
061 Replacement	1,475	253,713
062 Rentals and Repairs	65,967	64,795
063 Copier Costs	<u>127,538</u>	<u>129,002</u>
	<u>195,980</u>	<u>447,510</u>
52 080 Instructional Staff Travel		
081 Program Co-ordinators	66,618	73,072
082 Teachers' Travel	118,053	150,992
083 Inservice and Conferences	15,192	12,326
084 Student Travel	<u>17,741</u>	<u>24,451</u>
	<u>219,604</u>	<u>260,841</u>
52 090 Other Instructional Costs		
091 Postage and Stationery	--	--
092 Miscellaneous	3,705	--
093 HRD	<u>321,309</u>	<u>324,597</u>
	<u>325,014</u>	<u>324,597</u>
Total Instruction Expenditures	<u>\$ 35,590,854</u>	<u>\$ 34,013,424</u>

Cormack Trail School Board
 Operations and Maintenance Expenditures - Schools
 Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
53 011 Salaries & Benefits - Janitorial	\$ 1,459,788	\$ 1,309,444
012 Salaries & Benefits - Maintenance	526,243	386,731
013 Payroll Tax	--	--
014 Electricity	1,063,219	993,545
015 Fuel	98,007	71,807
016 Municipal Service Fee	82,873	73,427
017 Telephone	194,620	197,653
018 Vehicle Operating and Travel	37,393	41,229
019 Janitorial Supplies	102,276	92,358
021 Janitorial Equipment	1,912	952
022 Repairs and Maintenance - Buildings	417,439	337,166
023 - Equipment	5,125	689
024 Contracted Services - Janitorial	--	--
025 Snow Clearing	166,646	127,500
026 Rentals	--	--
027 Other (Specify)	--	--
Total Operations and Maintenance	<u>\$ 4,155,541</u>	<u>\$ 3,632,501</u>

Schedule 5

Cormack Trail School Board
Pupil Transportation Expenditure
Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
54 010 Operation and Maintenance of Board		
Owned Fleet		
011 Salaries - Administration	\$ --	\$ --
012 - Drivers and Mechanics	--	--
013 Payroll Tax	--	--
014 Debt Repayment - Interest	--	--
015 - Principal	--	--
016 Bank Charges	--	--
017 Gas and Oil	--	--
018 Licenses	--	--
019 Insurance	--	--
021 Repairs and Maintenance - Fleet	--	--
022 - Building	--	--
023 Tires and Tubes	--	--
024 Heat and Light	--	--
025 Municipal Service	--	--
026 Snow Clearing	--	--
027 Office Supplies	--	--
028 Rent	--	--
029 Travel	--	--
031 Professional Fees	--	--
032 Miscellaneous	--	--
033 Telephone	--	--
034 Vehicle leases	--	--
	--	--
	--	--
54 040 Contracted Services		
041 Regular Transportation	1,714,964	1,685,313
042 Handicapped	318,120	243,705
Salaries and benefits	27,500	27,500
Miscellaneous	1,627	2,418
	2,062,211	1,958,936
Pupil Transportation Expenditures	<u>\$ 2,062,211</u>	<u>\$ 1,958,936</u>

Cormack Trail School Board
 Ancillary Services and Miscellaneous Expenses
 Year Ended June 31, 2003

Ancillary Services

The Board owns and operates the following ancillary services:

		<u>2003</u>	<u>2002</u>
55	Ancillary Services		
011	Operation of Teachers' Residences	\$ 8,167	\$ 6,201
031	Cafeterias	--	--
032	Other (Specify)	--	--
		<u>\$ 8,167</u>	<u>\$ 6,201</u>

Schedule 7

Miscellaneous Expenses (Specify)

The Board has incurred the following miscellaneous expenses:

57 011	Miscellaneous Expenses (Specify)		
	- Employee Assistance Program	<u>\$ 20,151</u>	<u>\$ 15,477</u>

Cormack Trail School Board
Details of Property and Equipment
Year Ended June 30, 2003

		Balance June 30, 2002	Additions	Disposals	Balance June 30, 2003
12	210 Land and Sites				
	211 Land and Sites	\$ 324,032	\$ --	\$ 14,076	\$ 309,956
12	220 Buildings				
	221 Schools	63,775,153	427,181	1,106,385	63,095,949
	222 Administration	187,581	--	--	187,581
	223 Residential	135,993	--	--	135,993
	224 Recreational	--	--	--	--
	225 Other (Specify)	--	--	--	--
		<u>64,098,727</u>	<u>427,181</u>	<u>--</u>	<u>63,419,523</u>
12	230 Furniture and Equip.				
	231 Schools	4,810,406	199,760	--	5,010,166
	232 Administration	142,250	45,969	--	188,219
	233 Residential	1,534	--	--	1,534
	234 Recreation	58,147	19,059	--	77,206
	235 Other (Specify)	5,450	--	--	5,450
		<u>5,017,787</u>	<u>264,788</u>	<u>--</u>	<u>5,282,575</u>
12	240 Vehicles				
	241 Service Vehicles	112,119	82,907	97,456	97,570
12	250 Pupil Transportation				
	251 Land	--	--	--	--
	252 Building	--	--	--	--
	253 Vehicles - Buses	--	--	--	--
	254 - Service	--	--	--	--
	255 Equipment	--	--	--	--
	256 Other (Specify)	--	--	--	--
		<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
12	260 Misc. Capital Assets -				
	261 Other (Specify)	--	--	--	--
Total Property and Equipment		<u>\$ 69,552,665</u>	<u>\$ 774,876</u>	<u>\$ 1,217,917</u>	<u>\$69,109,624</u>

Cormack Trail School Board

Details of Long-term Debt

Year Ended June 30, 2003

Bank loans, mortgage and debentures,
approved by the Board and the Government
of Newfoundland and Labrador

				<u>2003</u>	<u>2002</u>
22 210	Loans Other than Pupil Transportation				
	<u>Ref. #</u>				
211	Bank Loans				
	Repayable \$	monthly, maturing	\$	--	\$ --
	Repayable \$	monthly, maturing		--	--
	Repayable \$	monthly, maturing		--	--
	Repayable \$	monthly, maturing		--	--
	Repayable \$	monthly, maturing		--	--
	Repayable \$	monthly, maturing		--	--
	Total 211			--	--
212	Mortgages				
	Repayable \$	monthly, maturing		--	--
	Repayable \$	monthly, maturing		--	--
	Repayable \$	monthly, maturing		--	--
	Repayable \$	monthly, maturing		--	--
	Repayable \$	monthly, maturing		--	--
	Repayable \$	monthly, maturing		--	--
	Total 212			--	--
213	Debentures				
	Repayable \$	monthly, maturing		--	--
	Repayable \$	monthly, maturing		--	--
	Total 213			--	--
214	Other (Please Specify)-Service Vehicle			40,000	--
	Subtotal			--	--
215	Less Current Maturities			40,000	--
	Total Loans Other Than Pupil Transportation			--	--

Cormack Trail School Board

Details of Long-term Debt

Year Ended June 30, 2003

22 220		Loans - Pupil Transportation		2003	2002
	Ref. #				
221		Vehicle Bank Loans			
		Repayable \$	monthly, maturing	\$ --	\$ --
		Repayable \$	monthly, maturing	--	--
		Repayable \$	monthly, maturing	--	--
		Repayable \$	monthly, maturing	--	--
		Repayable \$	monthly, maturing	--	--
		Repayable \$	monthly, maturing	--	--
		Repayable \$	monthly, maturing	--	--
		Repayable \$	monthly, maturing	--	--
		Repayable \$	monthly, maturing	--	--
		Repayable \$	monthly, maturing	--	--
		Repayable \$	monthly, maturing	--	--
		Repayable \$	monthly, maturing	--	--
		Repayable \$	monthly, maturing	--	--
		Repayable \$	monthly, maturing	--	--
		Repayable \$	monthly, maturing	--	--
		Total 221		--	--
222		Land, Buildings and Equipment Bank Loans			
		Repayable \$	monthly, maturing	--	--
		Repayable \$	monthly, maturing	--	--
		Repayable \$	monthly, maturing	--	--
		Repayable \$	monthly, maturing	--	--
		Repayable \$	monthly, maturing	--	--
		Total 222		--	--
		Subtotal		--	--
223		Less Current Maturities		--	--
		Total Loans - Pupil Transportation		--	--
		Total Long Term Debt		\$ --	\$ --

Cormack Trail School Board

Summary of Long-term Debt

Year Ended June 30, 2003

<u>Description</u>	<u>Ref. #</u>	<u>Rate</u>	<u>Balance</u>	<u>Loans</u>	<u>Principal</u>	<u>Balance</u>
			<u>Beginning</u>	<u>Obtained</u>	<u>Repayment</u>	<u>End of</u>
			<u>of</u>	<u>During</u>	<u>for</u>	<u>Year</u>
			<u>Year</u>	<u>Year</u>	<u>Year</u>	
A) School Construction			\$ --	\$ --	\$ --	\$ --
B) Equipment			--	--	--	--
C) Service Vehicles			--	90,000	50,000	40,000
D) Other			--	--	--	--
E) Pupil Transportation			--	--	--	--
			--	--	--	--
Total Loans			<u>\$ --</u>	<u>\$ 90,000</u>	<u>\$ 50,000</u>	<u>\$ 40,000</u>

Cormack Trail School Board
Schedule of Current Maturities
Year Ended June 30, 2003

<u>Description</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
A) School Construction	\$ --	\$ --	\$ --	\$ --	\$ --
B) Equipment	--	--	--	--	--
C) Service Vehicles	40,000	--	--	--	--
D) Other - Office	--	--	--	--	--
E) Pupil Transportation	--	--	--	--	--
Total	<u>\$ 40,000</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

56 010 Cormack Trail School Board
 Schedule of Interest Expense
 Year Ended June 30, 2003

	<u>Description</u>	<u>2003</u>	<u>2002</u>
012	Capital		
	School Construction	\$ --	\$ --
	Equipment	--	--
	Service Vehicles	759	--
	Other - Office	370	--
		<u>--</u>	<u>--</u>
	Total Capital	<u>1,129</u>	<u>--</u>
013	Current - Operating Loans		
014	- Supplier Interest Charges	--	19
	Total Current	<u>--</u>	<u>19</u>
	Total Interest Expense	<u>\$ 1,129</u>	<u>\$ 19</u>

Cormack Trail School Board

Supplementary Information

Year Ended June 30, 2003

1.	<u>Cash</u>		
		<u>2003</u>	<u>2002</u>
	<u>Current</u>		
11 110	Cash on Hand and in Bank		
111	Cash on Hand	\$ 613,734	\$ --
112	Bank - Current	--	651,577
113	- Savings	206	--
114	- Teachers' Payroll	--	24,510
115	- Non-Teachers' Payroll	--	--
116	- Coupon (Debenture)	--	--
117	- Other (Specify) - Schools	--	--
	<u>Capital</u>		
11 210	Cash on Hand and in Bank	--	--
211	Cash on Hand	--	--
212	Bank - Current	--	--
213	- Savings	--	--
214	- Other (Specify)	--	--
	Total Cash on Hand & in Bank	<u>\$ 613,940</u>	<u>\$ 646,087</u>
2.	<u>Short Term Investments</u>		
	<u>Current</u>		
11 121	Term Deposits	\$ --	\$ 4,300
122	Canada Savings Bonds	--	--
123	Other (Specify)	--	--
	<u>Capital</u>		
11 221	Term Deposits	--	--
222	Canada Savings Bonds	--	--
223	Other (Specify)	--	--
	Total Short Term Investments	<u>\$ --</u>	<u>\$ 4,300</u>

Cormack Trail School Board

Supplementary Information

Year Ended June 30, 2003

3.	<u>Prepaid Expenses</u>	<u>2003</u>	<u>2002</u>
	<u>Current</u>		
11 141	Insurance	\$ --	\$ --
142	Municipal Service Fees	--	--
143	Supplies	--	--
144	Other (Specify) - Workers Compensation	49,117	32,993
	- Other	--	--
	<u>Capital</u>		
11 241	Other (Specify)	--	--
		<u>\$ 49,117</u>	<u>\$ 32,993</u>

SCHOOL DISTRICT # 3
CORNER BROOK - DEER LAKE - ST. BARBE

FINANCIAL STATEMENTS/AUDITOR'S REPORT

June 30, 2003

Auditors' Report

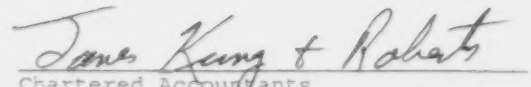
To The Members of School District #3 Corner Brook - Deer Lake - St. Barbe

We have audited the balance sheet of the current and capital funds of School District #3 Corner Brook - Deer Lake - St. Barbe as at June 30, 2003, and the related statements of current revenues, expenditures and District equity, and statement of changes in capital fund position for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

As required by Section 66 (2) of The Schools Act, we report that the employees whose duties include collecting, receiving or depositing of money are bonded in amounts considered to be sufficient.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District as at June 30, 2003 and the results of its operations and changes in its capital financial position for the year then ended, in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Districts in the Province of Newfoundland and Labrador by the Department of Education.


Chartered Accountants

Stephenville, Newfoundland
City

September 22, 2003
Date

School District #3 Corner Brook - Deer Lake - St. Barbe

BALANCE SHEET

June 30, 2003

Assets

	<u>2003</u>	<u>2002</u>
Current Assets		
Cash (Supp. Info. 1)	\$ --	\$ --
Short Term Investments (Supp. Info. 2)	65,973	67,751
Accounts Receivable (Note 2)	5,623,244	5,081,635
Prepaid Expenses (Supp. Info. 3)	<u>14,671</u>	<u>4,919</u>
Total Current Assets	<u>5,703,888</u>	<u>5,154,305</u>
Property and Equipment (Sch. 8)	<u>58,766,201</u>	<u>54,171,930</u>
	<u>\$ 64,470,089</u>	<u>\$ 59,326,235</u>

Liabilities and District Equity

Current Liabilities		
Bank Indebtedness (Note 3)	1,493,607	1,135,756
Accounts Payable and Accrued (Note 4)	5,292,165	4,852,783
Current Maturities (Schedule 9A)	<u>186,998</u>	<u>173,856</u>
Total Current Liabilities	<u>6,972,770</u>	<u>6,162,395</u>
Severance pay accrual	<u>9,813,742</u>	<u>9,249,988</u>
Long-Term Debt (Schedule 9)	<u>1,698,313</u>	<u>1,740,329</u>
District Equity		
Investment in Capital Assets (Note 6)	56,880,890	52,257,745
District Equity	<u>(10,895,626)</u>	<u>(10,084,222)</u>
Total District Equity	<u>45,985,264</u>	<u>42,173,523</u>
	<u>\$64,470,089</u>	<u>\$ 59,326,235</u>

Contingency - (Note 8)

See Accompanying Notes

Approved: _____

Chairman

Secretary

School District #3 Corner Brook - Deer Lake - St. Barbe
 STATEMENT OF CURRENT REVENUES, EXPENDITURES AND DISTRICT EQUITY
 Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
Current Revenue (Schedule 1)		
Provincial Government Grants	\$ 48,835,877	\$ 46,874,845
Donations	--	--
Ancillary Services	60,000	60,000
Miscellaneous	<u>591,855</u>	<u>545,376</u>
	<u>49,487,732</u>	<u>47,480,221</u>
Current Expenditures		
Administration (Schedule 2)	1,726,415	1,640,576
Instruction (Schedule 3)	40,464,683	38,495,714
Operations and Maintenance (Schedule 4)	5,236,550	5,158,746
Pupil Transportation (Schedule 5)	2,795,710	2,744,315
Ancillary Services (Schedule 6)	--	--
Interest Expense (Schedule 9C)	52,930	43,471
Miscellaneous (Schedule 7)	<u>--</u>	<u>--</u>
	<u>50,276,288</u>	<u>48,082,822</u>
23 111 Excess of Revenue over Expenditures	(788,556)	(602,601)
Transfer to/from Capital	<u>(22,848)</u>	<u>95,838</u>
Net Increase/Decrease in District Equity	(811,404)	(506,763)
District Equity, Beginning of Year	<u>(10,084,222)</u>	<u>(9,577,459)</u>
District Equity, End of Year	<u>\$ 10,895,636</u>	<u>\$ (10,084,222)</u>

See Accompanying Notes

School District #3 Corner Brook - Deer Lake - St. Barbe

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year Ended June 30, 2003

		<u>2003</u>	<u>2002</u>
60	<u>Operating Activities</u>		
011	Excess of Revenue over Expenditures	\$ (788,556)	\$ (602,601)
012	Changes in Non-Cash Working Capital		
013	- Short-Term Investments	1,777	137
014	- Accounts Receivable		(14,840)
015	- Prepaid Expenses	(541,609)	(4,919)
014	- Accounts Payable & Accrued Expenses	(9,752)	36,773
015	- Current Maturities	439,381	--
016	Other (Specify)		
	- Principal - bussing	156,424	144,377
	- Increase in severance pay accrual	563,754	305,447
		<u>(178,581)</u>	<u>(135,626)</u>
61	<u>Financing Activities</u>		
011	Proceeds from Bank Loans	157,704	73,670
012	Grants - Deficit Retirement	--	--
013	Other Capital Revenues	--	--
014	Changes in Long-Term Debt	(186,578)	(162,309)
015	Other (Specify)	--	--
		<u>(28,874)</u>	<u>(88,639)</u>
62	<u>Investing Activities</u>		
011	Proceeds on Sale of Capital Assets	15,586	121,970
012	Additions to Property and Equipment	(165,982)	(81,870)
013	Other (Specify)	--	--
		<u>(150,396)</u>	<u>40,100</u>
63	Increase (Decrease) in Cash	<u>(357,851)</u>	<u>(184,165)</u>
64	Cash, Beginning of The Year	<u>(1,135,756)</u>	<u>(951,591)</u>
65	Cash, End of The Year	<u>\$ (1,493,607)</u>	<u>\$ (1,135,756)</u>

See Accompanying Notes

School District #3 Corner Brook - Deer Lake - St. Barbe

STATEMENT OF CHANGES IN CAPITAL FUND

Year Ended June 30, 2003

		<u>2003</u>	<u>2002</u>
70	<u>Capital Receipts</u>		
71	Proceeds from Bank Loans		
	011 - School Construction	\$ --	\$ --
	012 - Equipment	--	--
	013 - Service Vehicles	--	--
	014 - Pupil Transportation	157,704	73,670
	015 - Other (Specify)	--	--
		<u>157,704</u>	<u>73,670</u>
72	EIC Grants		
	011 School Construction and Equipment	--	--
	012 Other - Transportation - Government	--	--
		<u>--</u>	<u>--</u>
73	Donations		
	011 - Cash Receipts	--	--
	012 - Non-Cash Receipts	--	--
	013 - Restricted Use	--	--
		<u>--</u>	<u>--</u>
74	Sale of Capital Assets - Proceeds		
	011 - Land	--	100,000
	012 - Buildings	13,129	18,660
	013 - Equipment	--	--
	014 - Service Vehicles	--	--
	015 - Pupil Transportation Vehicles	2,455	3,310
	016 - Other (Specify)	--	--
	- Accounts Receivable - Capital	--	--
		<u>15,584</u>	<u>121,970</u>
75	Other Capital Revenues		
	011 - Interest on Capital Fund Investments	--	--
	012 - Premiums on Debentures	--	--
	013 - Recoveries of Expenditures	--	--
	015 - Insurance Proceeds	--	--
	016 - Native Peoples Grants	--	--
	017 - Miscellaneous - School Bus	--	--
	Transportation Services	--	--
	Accounts payable	--	--
		<u>--</u>	<u>--</u>
	Total Capital Receipts	<u>173,288</u>	<u>195,640</u>
77	Transfer from Reserve Account	--	--
78	Transfer to/from Current Fund	<u>22,848</u>	<u>(95,838)</u>
Total		<u>\$ 196,136</u>	<u>\$ 99,802</u>

See Accompanying Notes

School District #3 Corner Brook - Deer Lake - St. Barbe

STATEMENT OF CHANGES IN CAPITAL FUND (Cont'd)

Year Ended June 30, 2003

		<u>2003</u>	<u>2002</u>
80	<u>Capital Disbursements</u>		
81	Additions to Property & Equipment		
011	- Land and Sites	\$ --	\$ --
012	- Buildings	--	--
013	- Furniture & Equipment - School	--	--
014	- Furniture & Equipment - Other	--	--
015	- Service Vehicles	--	73,602
016	- Pupil Transportation	165,982	8,268
017	- Other (Specify)	<u>--</u>	<u>--</u>
		<u>165,982</u>	<u>81,870</u>
82	Principal Repayment of Long-Term Debt		
011	- School Construction	--	--
012	- Equipment	--	--
013	- Service Vehicles	12,277	2,046
014	- Other (Specify)		
	- Office	<u>17,877</u>	<u>15,886</u>
		<u>30,154</u>	<u>17,932</u>
83	Miscellaneous Disbursements		
013	- Other (Specify)		
	- Accounts payable	<u>--</u>	<u>--</u>
		<u>--</u>	<u>--</u>
	Total Capital Disbursements	<u>\$ 196,136</u>	<u>\$ 99,802</u>

See Accompanying Notes

School District #3 Corner Brook - Deer Lake - St. Barbe

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2003

1. Significant Accounting Policies:

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Districts. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Districts to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the District, relating to their use of fund accounting, is as follows:

(a) Grants received by the District are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the Education Investment Corporation are recorded as capital revenues. Also, amounts paid to construction companies from the Education Investment Corporation on behalf of the District for capital projects are treated as capital revenues.

(b) Capital asset additions are recorded at full cost in the capital fund.

(c) The District does not calculate or record amortization on any of its capital assets.

(d) Principal repayment of Pupil Transportation Loans are recorded as Current Expenditures. All other principal repayment of bank loans are recorded as Capital Expenditures.

School District #3 Corner Brook - Deer Lake - St. Barbe

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2003

2. Accounts Receivable

		<u>2003</u>	<u>2002</u>
	<u>Current</u>		
11 131	Provincial Government	\$ 5,243,118	\$ 4,733,009
132	Transportation	5,341	9,924
133	Federal Government	166,122	177,021
136	Other School Districts	--	--
137	Rent	--	60,000
138	Interest	--	--
139	Travel Advances and Miscellaneous	208,663	101,681
	<u>Capital</u>		
11 231	EIC - Construction Grants	--	--
233	Local Contributions	--	--
234	Other School Districts	--	--
235	Other (Specify) - City of Corner Brook	--	--
		<u>\$ 5,623,244</u>	<u>\$ 5,081,635</u>

3. Bank Indebtedness

21 131	On Operating Credit	\$ 1,493,607	\$ 1,135,756
132	On Capital Account	--	--
		<u>\$ 1,493,607</u>	<u>\$ 1,135,756</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2003

4. Accounts Payable and Accrued

		<u>2003</u>	<u>2002</u>
	<u>Current</u>		
21 111	Trade Payable	\$ 259,757	\$ 4,727,289
112	Accrued - Liabilities	--	--
113	- Interest	--	--
114	- Wages	4,856,380	--
115	Payroll Deductions	17,771	11,573
116	Scholarships	65,973	67,751
117	Deferred Grants	92,284	46,170
118	Other - Severance Pay	9,813,742	9,249,988
	<u>Capital</u>		
21 211	Trade Payable	--	--
212	Accrued - Liabilities	--	--
213	- Interest	--	--
217	Deferred Grants	--	--
218	Other (Specify)	--	--
		<u>\$ 15,105,907</u>	<u>\$ 14,102,771</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2003

5. Reserve Account

Description:

	<u>2003</u>	<u>2002</u>
Balance, Beginning of Year	\$ --	\$ --
Less Transfer from Reserve	<u>--</u>	<u>--</u>
	--	--
Add Transfer to Reserve	<u>--</u>	<u>--</u>
	--	--
Balance, End of Year	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>

School District #3 Corner Brook - Deer Lake - St. Barbe

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
6. Investment in Capital Assets,		
Beginning of Year	\$ 52,257,745	\$ 54,014,972
Add:		
Transfer of Operating funds to Capital Fund	22,848	(95,838)
Grants - EIC - Contribution for Capital Const.	--	--
- Other (Specify)	--	--
Capital projects funded by EIC but paid directly to other sources on behalf of District.		
Donations (Specify)		--
Proceeds from Sale of Capital Assets		
- Land	--	100,000
- Buildings	13,131	18,660
- Equipment	--	--
- Vehicles	2,455	3,310
- Other	--	--
Interest on Capital Fund Investments	--	--
Recoveries of Expenditures - Prior	--	--
Insurance Proceeds - Capital	--	--
Native Peoples Grants - Capital	--	--
Excess of Revenue over Expenditures	--	--
- Capital Fund	--	--
Principal - Bussing loan	156,424	144,377
Capital asset valuation adjustment	<u>5,752,979</u>	<u>--</u>
	<u>58,205,582</u>	<u>54,185,481</u>
 Deduct Adjustments:		
Cost of assets sold		
- Land	25,163	5,000
- Buildings	986,503	280,000
- Equipment	124,616	47,532
- Vehicles	188,410	1,595,204
- Other	--	--
	<u>1,324,692</u>	<u>1,927,736</u>
Other	<u>--</u>	<u>--</u>
23 221 Investment in Capital Assets, End of Year	<u>\$ 56,880,890</u>	<u>\$ 52,257,745</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

NOTES TO THE FINANCIAL STATEMENTS

Year Ended June 30, 2003

7. Commitments

At balance sheet date the District had the following commitments:

8. Contingency

As of statement date, litigation had been brought against the Board in the amount of \$ 29,876 plus harmonized sales tax, which has not been recorded in the accounts. As of financial statement date the likelihood of loss to the Board cannot be determined.

7. Prior Period Adjustment

The Board has recorded a summer pay liability for each of the fiscal years ended 2003 and 2002. The financial statements reflect a provincial grant receivable and a teachers pay liability of \$ 4,856,380 and \$ 4,550,990 for the fiscal years ended 2003 and 2002 respectively. As a result the 2002 year has been adjusted accordingly for comparative purposes.

10. District Equity (Deficit)

School District #3 has an accumulated operating deficit of \$ 10,895,626. A material amount of this operating deficit is contributed by a recorded teacher's severance pay accrual and non-teacher's severance pay accrual \$ 8,802,803 and \$ 1,010,939 respectively, as required by the Provincial Government.

Accumulated operating deficit per financial statement	\$ 10,895,626
Less: teacher's severance pay accrual	(8,802,803)
: non-teacher's severance pay accrual	<u>(1,010,939)</u>
Accumulated operating deficit less severance pay accrued	<u>\$ 1,081,884</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

CURRENT REVENUES

Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
32 010 Provincial Government Grants		
011 Regular	\$ 7,458,666	\$ 7,010,300
016 Special Grants (Details on bottom of Schedule 1)	1,774,806	1,896,113
Salaries and Benefits		
017 - Directors and Asst. Directors	719,715	700,982
021 - Regular Teachers	35,075,452	33,508,736
022 - Substitute Teachers	1,065,776	1,121,138
030 Pupil Transportation		
031 - Board Owned	1,994,094	1,896,730
032 - Contracted	631,106	610,006
033 - Handicapped	<u>116,262</u>	<u>130,840</u>
	<u>48,835,877</u>	<u>46,874,845</u>
33 010 Donations		
012 Cash Receipts	--	--
013 Non-Cash Receipts	--	--
014 Restricted Use	<u>--</u>	<u>--</u>
	<u>--</u>	<u>--</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

CURRENT REVENUES

Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
34 010 Ancillary Services		
011 Revenues from Rental of Residences	\$ --	\$ --
021 Revenues from Rental of Schools and Facilities (Net)	60,000	60,000
031 Cafeterias	--	--
032 Other - (Specify)	--	--
	<u>60,000</u>	<u>60,000</u>
35 010 Miscellaneous		
011 Interest on Investments	1,776	4,620
012 Bus Charters	44,813	43,784
021 Recoveries of Expenditures	--	--
031 Revenues from Other School Districts	--	--
041 Federal Rebates	203,573	217,950
051 Insurance Proceeds	56,981	--
061 Bilingual Education Revenue	36,106	20,664
071 Operating Rev. from Native Peoples Grant	--	--
081 Miscellaneous Federal Grants	--	--
091 Textbooks	129,932	104,958
092 Sundry	118,674	153,400
	<u>591,855</u>	<u>545,376</u>
Total Current Revenues	<u>\$ 49,487,732</u>	<u>\$ 47,480,221</u>

Special Grants

Retro - pay	\$ --	\$ 28,814
School Board Election Grant	--	24,672
Debt Servicing	45,264	46,823
Student Assistant Salaries	908,836	819,351
Textbook Credit Allocation	--	11,467
Pay equity	--	--
Administration - Textbook	13,211	4,670
Payroll tax	658,250	629,571
Utilities	--	29,270
Maintenance	--	156,060
French materials	5,000	--
Peer Tutoring	11,252	5,000
Bottled water	--	21,402
Administrative pay adjustment	--	20,000
Computers	--	19,374
Surplus - substitutes	--	68,689
Kinder - start	6,500	7,400
Tutoring work experience	--	3,550
Other (Specify)		
- Distance education	18,963	--
- Redundancy grant	62,637	--
- Maintenance reclassification	44,893	--
	<u>\$ 1,774,806</u>	<u>\$ 1,896,113</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

ADMINISTRATION EXPENDITURES

Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
51 Salaries and Benefits		
011 - Directors and Asst. Directors	\$ 802,520	\$ 715,507
012 - District Office Personnel	500,088	486,130
013 Office Supplies	21,528	23,127
014 Replacement Furniture and Equipment	5,270	11,681
015 Postage	14,301	9,568
016 Telephone	37,983	40,468
017 Office Equipment Rentals and Repairs	19,865	22,443
018 Bank Charges	750	--
019 Electricity	--	--
021 Fuel	--	--
022 Insurance	5,067	--
023 Repairs and Maintenance (Office Building)	4,113	13,095
024 Travel	101,474	93,967
025 Board Meeting Expenses	17,422	18,991
026 Election Expenses	--	30,511
027 Professional Fees	28,610	22,182
028 Advertising	49,210	28,910
029 Membership Dues	35,825	36,645
031 Municipal Service Fees	6,955	13,442
032 Rental of Office Space	--	--
033 Relocation Expenses	--	--
034 Miscellaneous	15,675	16,265
035 Payroll Tax	59,759	57,644
Total Administration Expenditures	<u>\$ 1,726,415</u>	<u>\$ 1,640,576</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

INSTRUCTION EXPENDITURES

Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
52 010 Instructional Salaries (Gross)		
011 Teachers' Salaries - Regular	\$ 35,075,452	\$ 33,508,736
012 - Substitute	1,065,776	1,121,138
013 - District Paid	--	1,914
014 Student Assistants	908,836	791,867
015 Employee Benefits	--	--
016 School Secretaries - Salaries & Benefits	744,750	742,053
017 Employee Benefits	1,184,778	772,857
018 Other - French Monitor	37,941	12,815
	<u>39,017,533</u>	<u>36,951,380</u>
52 040 Instructional Materials		
041 General Supplies	140,173	148,185
042 Library Resource Materials	127,439	96,271
043 Teaching Aids	537,837	584,860
044 Textbooks	138,289	117,387
	<u>943,738</u>	<u>946,703</u>
52 060 Instructional Furniture and Equipment		
061 Replacement	34,554	32,251
062 Rentals and Repairs	42,809	49,560
	<u>77,363</u>	<u>81,811</u>
52 080 Instructional Staff Travel		
081 Program Co-ordinators	38,777	30,345
082 Teachers' Travel	44,002	66,004
083 Inservice and Conferences	50,216	76,910
	<u>132,995</u>	<u>173,259</u>
52 090 Other Instructional Costs		
091 Postage and Stationery	2,209	5,147
092 Miscellaneous	290,845	337,414
	<u>293,054</u>	<u>342,561</u>
Total Instruction Expenditures	<u>\$ 40,464,683</u>	<u>\$ 38,495,714</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

OPERATIONS AND MAINTENANCE EXPENDITURES - SCHOOLS

Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
53 011 Salaries & Benefits - Janitorial	\$ 1,625,602	\$ 1,541,242
012 - Maintenance	259,545	368,956
013 Employee Benefits	422,694	399,172
014 Electricity	1,233,850	1,101,647
015 Fuel	453,617	378,660
016 Municipal Service Fee	87,227	76,589
017 Telephone	205,853	198,389
018 Vehicle Operating and Travel	53,771	124,975
019 Janitorial Supplies	202,101	197,171
021 Janitorial Equipment	2,119	5,248
022 Repairs and Maintenance - Buildings	461,233	610,126
023 - Equipment	10,107	4,933
024 Contracted Services - Janitorial	--	--
025 Snow Clearing	216,911	149,207
026 Rentals	--	--
027 Other (Specify) - Repairs Covered By Insurance	<u>1,920</u>	<u>2,431</u>
Total Operations and Maintenance	<u>\$ 5,236,550</u>	<u>\$ 5,158,746</u>

Schedule 5

School District #3 Corner Brook - Deer Lake - St. Barbe

PUPIL TRANSPORTATION EXPENDITURE

Year Ended June 30, 2003

	<u>2003</u>	<u>2002</u>
54 010 Operation and Maintenance of Board		
Owned Fleet		
011 Salaries - Administration	\$ 92,461	\$ 92,603
012 - Drivers and Mechanics	986,062	1,002,154
013 Payroll Tax and Benefits	235,028	229,069
014 Debt Repayment - Interest	70,138	71,965
015 - Principal	156,424	144,377
016 Bank Charges	--	--
017 Gas and Oil	205,843	178,418
018 Licenses	23,917	24,257
019 Insurance	20,815	15,987
021 Repairs and Maintenance - Fleet	116,674	110,816
022 - Building	1,517	825
023 Tires and Tubes	20,708	12,489
024 Heat and Light	22,928	16,965
025 Municipal Service	3,853	3,853
026 Snow Clearing	10,531	10,480
027 Office Supplies	5,104	2,313
028 Rent	--	--
029 Travel	2,552	4,824
031 Professional Fees	1,713	1,725
032 Miscellaneous	13,972	22,372
033 Telephone	10,983	14,584
034 Vehicle Leases	5,728	5,680
035 Service Vehicles	897	5,920
	<u>2,008,248</u>	<u>1,971,676</u>
54 040 Contracted Services		
041 Regular Transportation	660,518	635,990
042 Handicapped	126,944	136,649
	<u>787,462</u>	<u>772,639</u>
Pupil Transportation Expenditures	<u>\$ 2,795,710</u>	<u>\$ 2,744,315</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

ANCILLARY SERVICES AND MISCELLANEOUS EXPENSES

Year Ended June 30, 2003

Ancillary Services

The District owns and operates the following ancillary services:

		<u>2003</u>	<u>2002</u>
55	Ancillary Services		
011	Operation of Teachers' Residences	\$ --	\$ --
031	Cafeterias	--	--
032	Other (Specify)	--	--
		<u>\$ --</u>	<u>\$ --</u>

Miscellaneous Expenses (Specify)

The District has incurred the following miscellaneous expenses:

57 011	Miscellaneous Expenses (Specify)	<u>\$ --</u>	<u>\$ --</u>
--------	----------------------------------	--------------	--------------

School District #3 Corner Brook - Deer Lake - St. Barbe

DETAILS OF PROPERTY AND EQUIPMENT

Year Ended June 30, 2003

	Balance June 30, 2002	Additions	Disposals	Balance June 30, 2003
12 210 Land and Sites				
211 Land and Sites	\$ 1,133,094	\$ --	\$ 58,476	\$ 1,074,618
12 220 Buildings				
221 Schools	43,386,950	5,786,294	986,503	48,186,741
222 Administration	1,596,325	--	--	1,596,325
223 Residential	--	--	--	--
224 Recreational	--	--	--	--
225 Other (Specify)	--	--	--	--
	<u>44,983,275</u>	<u>5,786,294</u>	<u>986,503</u>	<u>49,783,066</u>
12 230 Furniture and Equip.				
231 Schools	4,149,450	--	124,616	4,024,834
232 Administration	665,951	--	--	665,951
233 Residential	--	--	--	--
234 Recreation	--	--	--	--
235 Other (Specify)	--	--	--	--
	<u>4,815,401</u>	<u>--</u>	<u>124,616</u>	<u>4,690,785</u>
12 240 Vehicles				
241 Service Vehicles	<u>128,007</u>	<u>--</u>	<u>39,580</u>	<u>88,427</u>
12 250 Pupil Transportation				
251 Land	--	--	--	--
252 Building	--	--	--	--
253 Vehicles - Buses	3,112,153	165,982	148,830	3,129,305
254 - Service	--	--	--	--
255 Equipment	--	--	--	--
256 Other (Specify)	--	--	--	--
	<u>3,112,153</u>	<u>165,982</u>	<u>148,830</u>	<u>3,129,305</u>
12 260 Misc. Capital Assets -				
261 Other (Specify)	--	--	--	--
Total Property and Equipment	<u>\$ 54,171,930</u>	<u>\$ 5,952,276</u>	<u>\$1,358,005</u>	<u>\$ 58,766,201</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

DETAILS OF LONG-TERM DEBT

Year Ended June 30, 2003

Bank loans, mortgage and debentures,
approved by the District and the Government
of Newfoundland and Labrador

			2003	2002
22	210	Loans Other than Pupil Transportation		
		<u>Ref. #</u>		
	211	Bank Loans		
		Prime Repayable \$ <u>1,023</u> monthly, maturing <u>2008</u>	\$ 59,347	\$ 71,624
		Repayable \$ _____ monthly, maturing _____	--	--
		Repayable \$ _____ monthly, maturing _____	--	--
		Repayable \$ _____ monthly, maturing _____	--	--
		Repayable \$ _____ monthly, maturing _____	--	--
		Repayable \$ _____ monthly, maturing _____	--	--
		Total 211	<u>59,347</u>	<u>71,624</u>
	212	Mortgages		
		<u>7.9%</u> Repayable \$ <u>3,902</u> monthly, maturing <u>2016</u>	371,432	389,309
		Repayable \$ _____ monthly, maturing _____	--	--
		Repayable \$ _____ monthly, maturing _____	--	--
		Repayable \$ _____ monthly, maturing _____	--	--
		Repayable \$ _____ monthly, maturing _____	--	--
		Repayable \$ _____ monthly, maturing _____	--	--
		Total 212	<u>371,432</u>	<u>389,309</u>
	213	Debentures		
		Repayable \$ _____ monthly, maturing _____	--	--
		Repayable \$ _____ monthly, maturing _____	--	--
		Total 213	<u>--</u>	<u>--</u>
	214	Other (Please Specify)	<u>--</u>	<u>--</u>
		Subtotal	<u>430,779</u>	<u>460,933</u>
	215	Less Current Maturities	<u>29,479</u>	<u>29,479</u>
		Total Loans Other Than Pupil Transportation	<u>401,300</u>	<u>431,454</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

Year Ended June 30, 2003

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School District #3 Corner Brook - Deer Lake - St. Barbe

SUMMARY OF LONG-TERM DEBT

Year Ended June 30, 2003

Description	Ref. #	Rate	Balance Beginning of Year	Loans Obtained During Year	Principal Repayment for Year	Balance End of Year
A) School Construction			\$ --	\$ --	\$ --	\$ --
B) Equipment			--	--	--	--
C) Service Vehicles			71,624	--	12,277	59,347
D) Other - Office			389,309	--	17,877	371,432
E) Pupil Transportation			1,453,252	157,704	156,424	1,454,532
Total Loans			<u>\$ 1,914,185</u>	<u>\$ 157,704</u>	<u>\$ 186,578</u>	<u>\$ 1,885,311</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

SCHEDULE OF CURRENT MATURITIES

Year Ended June 30, 2003

<u>Description</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
A) School Construction	\$ --	\$ --	\$ --	\$ --	\$ --
B) Equipment	--	--	--	--	--
C) Service Vehicles	12,279	12,279	12,279	12,279	12,279
D) Other - Office	17,200	18,600	20,200	22,000	24,000
E) Pupil Transportation	157,519	157,519	157,519	157,519	157,519
Total	<u>\$ 186,998</u>	<u>\$ 188,398</u>	<u>\$ 189,998</u>	<u>\$ 191,798</u>	<u>\$ 193,798</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

56 010

SCHEDULE OF INTEREST EXPENSE

Year Ended June 30, 2003

	<u>Description</u>	<u>2003</u>	<u>2002</u>
012	Capital		
	School Construction	\$ --	\$ --
	Equipment	--	--
	Service Vehicles	--	--
	Other - Office	30,162	31,444
		<u>--</u>	<u>--</u>
	Total Capital	<u>30,162</u>	<u>31,444</u>
013	Current - Operating Loans	22,768	12,027
014	- Supplier Interest Charges	<u>--</u>	<u>--</u>
	Total Current	<u>22,768</u>	<u>12,027</u>
	Total Interest Expense	<u>\$ 52,930</u>	<u>\$ 43,471</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

SUPPLEMENTARY INFORMATION

Year Ended June 30, 2003

1.	<u>Cash</u>		
		<u>2003</u>	<u>2002</u>
	<u>Current</u>		
11 110	Cash on Hand and in Bank		
111	Cash on Hand	\$ --	\$ --
112	Bank - Current	--	--
113	- Savings	--	--
114	- Teachers' Payroll	--	--
115	- Non-Teachers' Payroll	--	--
116	- Coupon (Debenture)	--	--
117	- Other (Specify)	--	--
	<u>Capital</u>		
11 210	Cash on Hand and in Bank		
211	Cash on Hand	--	--
212	Bank - Current	--	--
213	- Savings	--	--
214	- Other (Specify)	--	--
	Total Cash on Hand & in Bank	<u>\$ --</u>	<u>\$ --</u>
2.	<u>Short Term Investments</u>		
	<u>Current</u>		
11 121	Term Deposits	\$ 65,077	\$ 66,855
122	Canada Savings Bonds	--	--
123	Other (Specify) - Shares	896	896
	<u>Capital</u>		
11 221	Term Deposits	--	--
222	Canada Savings Bonds	--	--
223	Other (Specify)	--	--
	Total Short Term Investments	<u>\$ 65,973</u>	<u>\$ 67,751</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

SUPPLEMENTARY INFORMATION

Year Ended June 30, 2003

3. Prepaid Expenses

		<u>2003</u>	<u>2002</u>
	<u>Current</u>		
11 141	Insurance	\$ --	\$ --
142	Municipal Service Fees	--	--
143	Supplies	13,371	1,724
144	Other (Specify) - Registration Fees	1,300	3,195
	<u>Capital</u>		
11 241	Other (Specify)	--	--
		<u>\$ 14,671</u>	<u>\$ 4,919</u>

Financial Statements of

**CREDIT UNION DEPOSIT
GUARANTEE CORPORATION**

December 31, 2003

Auditors' Report

To the Board of Directors of
Credit Union Deposit Guarantee Corporation

We have audited the balance sheet of Credit Union Deposit Guarantee Corporation as at December 31, 2003 and the statements of earnings and fund balance and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
February 6, 2004

CREDIT UNION DEPOSIT GUARANTEE CORPORATION

Statement of Earnings and Fund Balance

Year ended December 31, 2003

	<u>2003</u>	<u>2002</u>
	\$	\$
INCOME		
Assessments on credit unions	673,929	677,723
Interest	146,706	142,152
Bonding insurance	202,938	178,094
Other	6,173	6,460
	<u>1,029,746</u>	<u>1,004,429</u>
EXPENSES		
Salaries and benefits	316,886	287,054
Legal	156,455	89,780
Bonding insurance	136,394	117,807
Travel	66,126	59,071
Office and administration	33,292	25,841
Rent	29,517	29,517
Meetings	24,186	3,358
Advertising and promotion	19,868	7,258
Amortization	19,268	23,542
Training	17,900	10,929
Vehicle	16,108	9,968
Directors' fees	6,210	8,170
Insurance	899	835
Membership fees	-	1,320
Gain on disposal of capital assets	-	(250)
	<u>843,109</u>	<u>674,200</u>
INCOME BEFORE UNDERNOTED ITEMS	186,637	330,229
Assistance paid to credit unions	-	(112,743)
NET EARNINGS	186,637	217,486
DEPOSIT GUARANTEE FUND BALANCE, BEGINNING OF YEAR	5,171,637	4,954,151
DEPOSIT GUARANTEE FUND BALANCE, END OF YEAR	5,358,274	5,171,637

CREDIT UNION DEPOSIT GUARANTEE CORPORATION

Balance Sheet

December 31, 2003

	<u>2003</u>	<u>2002</u>
	\$	\$
ASSETS		
Cash	27,163	49,359
Investments (Note 3)	5,325,677	5,069,982
Receivables (Note 4)	81,161	63,371
Prepaid expenses	4,074	4,011
Capital assets (Note 5)	51,928	62,329
	<u>5,490,003</u>	<u>5,249,052</u>

LIABILITIES

Accounts payable and accrued liabilities	131,729	77,415
--	---------	--------

FUND BALANCE

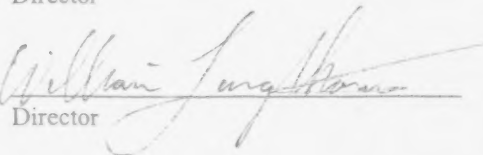
Deposit guarantee fund balance	5,358,274	5,171,637
	<u>5,490,003</u>	<u>5,249,052</u>

Commitments (Note 7)

APPROVED BY THE BOARD:



Director



Director

CREDIT UNION DEPOSIT GUARANTEE CORPORATION

Statement of Cash Flows

Year ended December 31, 2003

	<u>2003</u> \$	<u>2002</u> \$
OPERATING ACTIVITIES		
Net earnings	186,637	217,486
Adjustments for:		
Amortization	29,517	29,517
Decrease (increase) in receivables	(17,790)	174,955
Increase in prepaids	(63)	(222)
Increase in accounts payable and accrued liabilities	54,314	6,504
	<u>252,615</u>	<u>428,240</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(8,867)	(8,453)
Purchase of investments	(38,000,580)	(20,879,191)
Redemption of investments	37,744,885	20,477,507
	<u>(264,562)</u>	<u>(410,137)</u>
INCREASE (DECREASE) IN CASH	(11,947)	18,103
CASH, BEGINNING OF YEAR	55,334	37,231
CASH, END OF YEAR	<u>43,387</u>	<u>55,334</u>

CREDIT UNION DEPOSIT GUARANTEE CORPORATION

Notes to the Financial Statements

December 31, 2003

1. DESCRIPTION OF BUSINESS

The Credit Union Deposit Guarantee Corporation (the "Corporation") is established as a corporation without share capital under the provisions of Section 176 of the Credit Union Act.

The Corporation guarantees the deposits of members of credit unions in the Province of Newfoundland and Labrador. This guarantee is supported by the investments held by the Corporation.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

(a) *Revenue recognition*

The Corporation recognizes assessment revenue based on a percentage of insured deposits of individual credit unions operating within the Province of Newfoundland and Labrador. Interest revenue is recognized based on the investment interest collected and accrued during the year, and bonding revenue is recognized based on a percentage of individual credit unions' assets plus a 20% administrative charge.

(b) *Assistance to credit unions*

Assistance to credit unions is recorded only when it can be reasonably determined by the Corporation that such a payment will be required and when the Board of Directors have assessed the reasonableness of such a charge and authorized the assistance as a commitment of the Fund. The determination of the assistance requires the exercise of judgement because the precise amount, method and timing of such assistance is dependent upon future events. The amount of actual assistance paid, and future possible assistance is disclosed in the financial statements.

(c) *Cash*

Cash consists of balances with banks.

(d) *Investments*

Investments are recorded at cost. When, in the opinion of management, a permanent decline in the value of the investments has occurred, the carrying value is adjusted accordingly.

(e) *Capital assets*

Capital assets are recorded at cost. Amortization is provided on a declining balance basis at rates which will reduce original cost to estimated residual value over the useful life of the assets.

CREDIT UNION DEPOSIT GUARANTEE CORPORATION

Notes to the Financial Statements

December 31, 2003

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Severance pay

Severance pay is accrued for all employees for whom the right to such compensation is vested.

No provision for the ultimate severance pay liability is made in the accounts for any employee who has less than nine years of service.

(g) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. INVESTMENTS

<u>Issuer</u>	<u>Type</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Maturity Value</u> \$	<u>Cost</u> \$
Credit Union Central of Nova Scotia	Shares			1,000	1,000
Newfoundland and Labrador Credit Union Ltd.	Shares			100	100
				1,100	1,100
Bank of Montreal	Bankers Acceptance	2.70%	1/19/2004	1,200,000	1,192,068
Bank of Montreal	Bankers Acceptance	2.71%	1/23/2004	1,550,000	1,546,435
Bank of Montreal	Bankers Acceptance	2.71%	1/28/2004	1,600,000	1,592,784
Bank of Montreal	Bankers Acceptance	2.77%	2/10/2004	1,000,000	993,290
				5,351,100	5,325,677

4. RECEIVABLES

	<u>2003</u> \$	<u>2002</u> \$
Accrued interest	21,065	27,145
Other	60,096	36,226
	81,161	63,371

CREDIT UNION DEPOSIT GUARANTEE CORPORATION
Notes to the Financial Statements
December 31, 2003

5. CAPITAL ASSETS

			2003		2002
	Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value
		\$	\$	\$	\$
Vehicles	30%	55,998	29,930	26,068	37,238
Furniture and equipment	20%	24,643	18,558	6,085	7,606
Computer equipment	30%	58,871	39,096	19,775	17,485
		139,512	87,584	51,928	62,329

6. INCOME TAXES

The Corporation has the following non-capital losses available which can be used to reduce future years' taxable income.

Year of Expiry	Amount
	\$
2004	103,168
2005	104,685
2006	163,796
2007	81,018
2008	73,257
2009	319,521
2010	463,065
	<u>1,308,510</u>

The potential income tax benefit associated with those losses has not been recognized in these financial statements.

7. COMMITMENTS

The Corporation has entered into a lease agreement for office space which expires June 30, 2011. The amount of the annual rent payable is \$29,517.

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of cash, investments, receivables, and accounts payable and accrued liabilities approximate their fair value due to their relatively short periods to maturity.

**Eastern Health and Community Services
Board
Consolidated Financial Statements
March 31, 2004**

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Chairman and Members of the
Eastern Health and Community Services Board

We have audited the consolidated statement of financial position of the **Eastern Health and Community Services Board** at March 31, 2004, and the consolidated statements of operations and changes in net deficiency and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Eastern Health and Community Services Board as at March 31, 2004 and the results of its operations and changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
June 7, 2004

Grant Thornton LLP
Chartered Accountants

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Eastern Health and Community Services Board **Consolidated Statement of Operations**

Year Ended March 31	2004	2003
Revenue		
Provincial plan	\$ 45,149,810	\$ 43,790,705
Early Childhood Development Program	572,838	486,159
National Child Benefit Program	484,339	617,555
MCP revenue	338,959	458,609
Federal Children's Allowance	177,745	-
Other income	<u>22,484</u>	<u>37,672</u>
	<u>46,746,175</u>	<u>45,390,700</u>
Expenditure		
Operating		
Salaries	14,310,656	13,743,364
Benefits	2,811,260	2,745,638
Rent	974,970	964,321
Travel	686,652	773,839
Telephone	414,336	438,669
Medical supplies	392,396	345,806
Miscellaneous	<u>791,936</u>	<u>818,926</u>
	<u>20,382,206</u>	<u>19,830,563</u>
Program		
Family Rehabilitative Program	13,335,993	12,176,176
Home Support Program	5,563,805	5,581,509
Child Welfare Program	3,395,843	3,839,603
Personal Care Homes Program	2,669,759	2,397,325
Special Assistance Program	983,576	907,346
Early Childhood Development Program	244,874	303,025
National Child Benefit Program	144,948	135,819
Community Corrections Program	<u>48,201</u>	<u>65,345</u>
	<u>26,386,999</u>	<u>25,406,148</u>
	<u>46,769,205</u>	<u>45,236,711</u>
(Deficit) surplus prior to non-shareable items	<u>(23,030)</u>	<u>153,989</u>
Non-shareable items		
Amortization of deferred capital grants	(243,369)	(236,679)
Depreciation	243,369	236,679
Accrued severance expense increase	702,475	126,900
Accrued vacation expense increase	171,431	62,739
Interest, donations and bequests	(72,298)	(39,991)
Board expenses	<u>140,091</u>	<u>22,447</u>
	<u>941,699</u>	<u>172,095</u>
Deficit on operations	<u>\$ (964,729)</u>	<u>\$ (18,106)</u>

See accompanying notes to the consolidated financial statements.

Eastern Health and Community Services Board **Consolidated Statement of Financial Position**

March 31

2004

2003

Assets

Current

Receivables (Note 3)	\$ 845,897	\$ 3,515,860
Prepays	362,431	447,497
	1,208,328	3,963,357
Resident trust fund	38,765	39,884
Property and equipment (Note 4)	524,976	568,176
Equipment under capital lease (Note 4)	68,364	96,964
	<u>\$ 1,840,433</u>	<u>\$ 4,668,381</u>

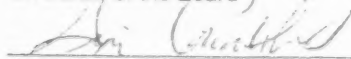
Liabilities

Current

Bank indebtedness (Note 5)	\$ 3,247,842	\$ 5,782,226
Payables and accruals	1,403,445	1,435,135
Current portion of obligation under capital lease	32,321	32,321
Accrued vacation pay	1,377,418	1,205,987
Deferred contributions		
Operating	499,706	461,986
Early Childhood Development	480,192	541,529
National Child Benefit	107,729	127,077
	7,148,653	9,586,261
Resident trust liability	38,765	39,884
Accrued severance pay	2,818,865	2,116,390
Obligation under capital lease (Note 6)	36,044	64,643
Deferred contributions - capital (Note 7)	597,939	696,307
	10,640,266	12,503,485
Net Deficiency		
Deficiency	<u>(8,799,833)</u>	<u>(7,835,104)</u>
	<u>\$ 1,840,433</u>	<u>\$ 4,668,381</u>

Commitments (Note 9)

On behalf of the Board



Member



Member

See accompanying notes to the consolidated financial statements.

Grant Thornton 

Eastern Health and Community Services Board **Consolidated Statement of Changes in Net Deficiency**

Year Ended March 31 2004 2003

	<u>Operating Fund</u>	<u>Board Fund</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ (8,024,748)	\$ 189,644	<u>\$(7,835,104)</u>	<u>\$(7,816,998)</u>
Deficit on operations	<u>(861,478)</u>	<u>(103,251)</u>	<u>(964,729)</u>	<u>(18,106)</u>
Balance, end of year	<u>\$(8,886,226)</u>	<u>\$ 86,393</u>	<u>\$(8,799,833)</u>	<u>\$(7,835,104)</u>

Deficiency comprised of:

Balance prior to accrual for unfunded items	<u>\$(4,603,550)</u>	<u>\$(4,512,727)</u>
Accrued vacation pay	<u>(1,377,418)</u>	<u>(1,205,987)</u>
Accrued severance pay	<u>(2,818,865)</u>	<u>(2,116,390)</u>
	<u>\$(8,799,833)</u>	<u>\$(7,835,104)</u>

See accompanying notes to the consolidated financial statements.

Grant Thornton 

Eastern Health and Community Services Board **Consolidated Statement of Cash Flows**

Year Ended March 31

2004

2003

Increase (decrease) in cash and cash equivalents

Operating		
Deficit on operations	\$ (964,729)	\$ (18,106)
Depreciation	243,369	236,679
Amortization of deferred capital grants	(243,369)	(236,679)
Increase in accrued severance pay	<u>702,475</u>	<u>126,900</u>
	(262,254)	108,794
Change in non-cash operating working capital (Note 8)	<u>2,851,805</u>	<u>(134,750)</u>
	<u>2,589,551</u>	<u>(25,956)</u>
Financing		
Decrease in bank borrowings	(1,814,747)	(800,000)
Transfer from Board Fund – capital	120,000	
Capital grants - Province of Newfoundland and Labrador	<u>25,000</u>	<u>7,500</u>
	<u>(1,669,747)</u>	<u>(792,500)</u>
Investing		
Purchase of equipment and leasehold improvements	<u>(200,167)</u>	<u>(159,625)</u>
Net increase (decrease) in cash and cash equivalents	719,637	(978,081)
Cash and cash equivalents		
Beginning of year	<u>(582,226)</u>	<u>395,855</u>
End of year	<u>\$ 137,411</u>	<u>\$ (582,226)</u>

See accompanying notes to the consolidated financial statements.

Grant Thornton 

Eastern Health and Community Services Board

Notes to the Consolidated Financial Statements

March 31, 2004

1. Nature of operations

The Eastern Health and Community Services Board provides health promotion, health protection, continuing care and mental health and addictions services to the residents of the communities of the region. In addition, the Board administers the Home Support Program, Personal Care Homes Program, Special Assistance Program, Family Rehabilitative Program, Child Welfare, Community Corrections Program, Early Childhood Development Program and National Child Benefit Program.

The Board is incorporated under the Health and Community Services Act of Newfoundland and Labrador and is exempt from income taxes under the Income Tax Act.

Any investment revenue and interest earned on the operating accounts are credited to the Board Fund.

2. Summary of significant accounting policies

Operating Fund

The Operating Fund is used to account for the operating activities of the Board.

Board Fund

The Board Fund reflects assets held for special purposes which may be used at the discretion of the Board. Revenues consists mainly of donations, bequests and interest; and expenditures are contributions for the purchase of capital assets and certain operating expenditures not funded by Government.

Use of estimates

In preparing the Board Fund's consolidated financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks (net of overdrafts). Bank borrowings are considered to be financing activities.

Capital assets

Purchases of minor equipment are charged to cost of services in the year they are purchased. Major equipment purchases are recorded at their full cost under capital assets.

Eastern Health and Community Services Board

Notes to the Consolidated Financial Statements

March 31, 2004

2. Summary of significant accounting policies (cont'd)

Depreciation

Depreciation is recorded using the following bases and rates:

Furnishings	6 2/3%, declining balance
Computer software	20%, declining balance
Equipment	33 1/3%, declining balance
Vehicles	30%, declining balance
Leasehold improvements	20%, straight line
Equipment under capital lease	20%, straight line

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continual service with the Board or another public sector employer, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Board.

During the year, the Board undertook a review of its severance pay provision. Most of the Board's employees have periods of employment with other public sector employers. The Board's review identified additional employees who are eligible for severance pay. The current year provision of \$702,475 reflects the additional severance pay provision identified as a result of this review.

Deferred contributions

Grants received from the Province of Newfoundland and Labrador and the Board Fund relating to the acquisition of capital assets are recorded as deferred contributions and are amortized on the same basis as the related asset is depreciated. During the year a grant of \$25,000 (2003 - \$7,500) was received from the Department of Health and Community Services.

Revenue recognition

The Board follows the deferral method of accounting for contributions which include donations and government grants.

Medical supplies

Medical supplies are charged to cost of services when purchased.

Eastern Health and Community Services Board **Notes to the Consolidated Financial Statements**

March 31, 2004

3. Receivables	2004	2003
Province of Newfoundland and Labrador	\$ 526,820	\$ 3,216,967
Other	<u>319,077</u>	<u>298,893</u>
	<u>\$ 845,897</u>	<u>\$ 3,515,860</u>

4.	Property and equipment		2004	2003
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Furnishings	\$ 15,838	\$ 5,520	\$ 10,318	\$ 11,054
Computer software	92,888	41,043	51,845	64,806
Equipment	919,926	627,693	292,233	259,855
Vehicles	58,443	42,079	16,364	23,378
Leasehold improvements	<u>382,946</u>	<u>228,730</u>	<u>154,216</u>	<u>209,083</u>
	\$ 1,470,041	\$ 945,065	\$ 524,976	\$ 568,176

The cost of the equipment under the capital lease is \$146,190. It is being amortized over the useful life of the equipment which is estimated to be five years. The amount of amortization charged to expense is \$28,599 (2003 - \$24,975).

5. Bank indebtedness

The Board had an authorized overdraft, supported by an authorization to borrow from the Province, of \$5,000,000 at March 31, 2004 (and expires on April 30, 2004).

Bank indebtedness consists of:

Operating line of credit	<u>\$(3,385,253)</u>	<u>\$(5,200,000)</u>
Cash and cash equivalents	<u>137,411</u>	<u>(582,226)</u>
	<u>\$(3,247,842)</u>	<u>\$(5,782,226)</u>

6. Obligation under capital lease

The obligation under capital lease is repayable at a rate of \$15.10 per bloodline. Repayments in each of the next three years are estimated to be as follows:
2005 - \$32,321; 2006 - \$32,321; and 2007 - \$3,723.

Eastern Health and Community Services Board Notes to the Consolidated Financial Statements

March 31, 2004

7. Deferred contributions - capital

Capital grants from the Province of Newfoundland and Labrador and the Board Fund received by the Board are deferred and amortized on a declining balance method consistent with the depreciation rate for the related asset purchased. The changes in the deferred capital grants balance for the year are as follows:

	<u>2004</u>	<u>2003</u>
Balance, beginning of year	\$ 696,307	\$ 925,486
Capital contributions from Province of Newfoundland and Labrador	25,000	7,500
Capital contributions from the Board Fund	120,000	-
Amortization for the year	<u>(243,368)</u>	<u>(236,679)</u>
Balance, end of year	<u>\$ 597,939</u>	<u>\$ 696,307</u>

8. Supplemental cash flow information

	<u>2004</u>	<u>2003</u>
Change in non-cash operating working capital		
Receivables	\$ 2,669,963	\$ 85,621
Prepays	85,066	16,716
Payables and accruals	(31,690)	(490,607)
Accrued vacation pay	171,431	62,739
Deferred contributions	<u>(42,965)</u>	<u>190,781</u>
	<u>\$ 2,851,805</u>	<u>\$ (134,750)</u>

9. Commitments

The Board is committed to minimum annual rentals under lease agreements for office space, equipment, and vehicles in the next four years as follows:

2005	\$ 726,272
2006	\$ 441,603
2007	\$ 227,750
2008	\$ 39,347

The Board is also committed to spending \$15,000 related to health promotion and protection activities and \$10,000 for minor equipment purchases.

10. Financial instruments

Fair values of financial instruments are disclosed in the notes to the consolidated financial statements when they differ from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their fair values.

Financial Statements of

**GRENFELL REGIONAL HEALTH
SERVICES BOARD - COMBINED FUNDS**

March 31, 2004

Auditors' Report

To the Members,
Grenfell Regional Health Services Board

We have audited the Combined Funds balance sheet of Grenfell Regional Health Services Board as at March 31, 2004 and the Combined Funds statements of revenues and expenditures, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Combined Funds of the Board as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
July 29, 2004

GRENFELL REGIONAL HEALTH SERVICES BOARD

COMBINED FUNDS

Statement of Revenues and Expenditures

Year ended March 31, 2004

	<u>2004</u>	<u>2003</u>
	\$	\$
REVENUES		
Provincial plan		
Operating	32,759,732	32,258,024
National Child Benefit	381,738	492,450
Early Child Development	145,209	168,074
MCP physician revenue	6,646,472	6,041,604
Inpatient	608,204	508,070
Outpatient	123,068	158,038
Long term care	725,835	688,304
Dental revenue	607,567	556,454
Drug recoveries	847,558	759,358
Medical	77,450	101,848
Ambulance	97,390	97,948
Miscellaneous	476,466	413,637
	<u>43,496,689</u>	<u>42,243,809</u>
EXPENDITURES (Schedule 1)		
Administration	4,154,710	4,297,923
Support services	7,791,311	7,531,805
Nursing inpatient services	8,413,634	8,308,167
Ambulatory care services	5,196,318	5,084,634
Diagnostic and therapeutic	4,145,395	3,960,738
Medical services	7,473,304	6,878,919
Community and social services	6,659,956	6,401,776
Education	301,517	148,447
	<u>44,136,145</u>	<u>42,612,409</u>
DEFICIT PRIOR TO OTHER OPERATIONS	(639,456)	(368,600)
OTHER OPERATIONS		
Air ambulance services (Schedule 6)	(142,105)	(164,506)
DEFICIT INCLUDING OTHER OPERATIONS	(781,561)	(533,106)
ADJUSTMENTS FOR NON-SHAREABLE ITEMS		
Amortization of deferred capital contributions	1,210,604	1,322,606
Amortization of capital assets	(1,232,198)	(1,316,002)
Gain on disposal of capital assets	-	2,923
Accrued vacation	(76,274)	(71,817)
Accrued severance	(471,169)	(526,578)
Other income (expense) (Schedule 8)	(54,456)	(48,619)
EXCESS OF EXPENDITURES OVER REVENUES	<u>(1,405,054)</u>	<u>(1,170,593)</u>

**GRENFELL REGIONAL HEALTH SERVICES BOARD
COMBINED FUNDS**

Statement of Changes in Net Assets

Year ended March 31, 2004

	2004				2003
	Invested in Capital Assets	Restricted for Endowment Purposes	Restricted for Replacement Reserve	Unrestricted	Total
	\$	\$	\$	\$	\$
Balance, beginning of the year	212,740	528,022	182,286	(9,141,297)	(8,218,249)
Excess of revenues over expenditures (expenditures over revenues)	20,343	-	-	(1,425,453)	(1,405,110)
Endowment contributions	-	148	-	-	148
Allocation to replacement reserve (net)	-	-	(50,468)	-	(50,468)
Balance, end of the year	233,083	528,170	131,818	(10,566,750)	(9,673,679)
					(8,218,249)

GRENFELL REGIONAL HEALTH SERVICES BOARD

COMBINED FUNDS

Balance Sheet

March 31, 2004

	<u>2004</u>	<u>2003</u>
ASSETS		
CURRENT		
Accounts receivable	1,108,440	780,636
Due from Province of Newfoundland and Labrador	978,663	1,181,862
Inventories (Note 3)	738,802	708,521
Prepaid expenses	986,379	1,106,514
	<u>3,812,284</u>	<u>3,777,533</u>
SEGREGATED CASH	835,029	1,185,918
CAPITAL ASSETS (Note 4)	<u>10,784,375</u>	<u>11,359,146</u>
	<u>15,431,688</u>	<u>16,322,597</u>
LIABILITIES AND DEFICIT		
CURRENT		
Bank indebtedness (Note 5)	1,625,955	1,036,990
Accounts payable and accrued liabilities	3,413,337	3,547,662
Accrued vacation pay	2,286,814	2,210,540
Current portion of long term debt (Note 6)	64,300	57,800
Deferred grants (Note 7)		
Capital	1,609,681	1,564,662
Operating	793,603	642,282
National Child Benefit	93,303	111,883
Early Child Development	31,586	51,794
	<u>9,918,579</u>	<u>9,223,613</u>
ACCUMULATED SEVERANCE PAY	4,699,796	4,228,627
LONG TERM DEBT (Note 6)	1,699,182	1,765,061
DEFERRED CAPITAL CONTRIBUTIONS (Note 8)	<u>8,787,810</u>	<u>9,323,545</u>
	<u>25,105,367</u>	<u>24,540,846</u>
NET ASSETS (DEFICIENCY)		
Net assets invested in capital assets	233,083	212,740
Net assets restricted for endowment purposes	528,170	528,022
Net assets restricted for replacement reserve	131,818	182,286
Unrestricted net assets	<u>(10,566,750)</u>	<u>(9,141,297)</u>
	<u>(9,673,679)</u>	<u>(8,218,249)</u>
	<u>15,431,688</u>	<u>16,322,597</u>

APPROVED BY THE BOARD:

Director Robert W. Mather

Director Matthew R. Peto

GRENFELL REGIONAL HEALTH SERVICES BOARD COMBINED FUNDS

Statement of Cash Flows

Year ended March 31, 2004

	<u>2004</u> \$	<u>2003</u> \$
OPERATING ACTIVITIES		
Excess of expenditures over revenues	(1,405,054)	(1,170,593)
Items not affecting cash		
Amortization of deferred capital contributions	(1,210,604)	(1,322,606)
Amortization of capital assets	1,232,198	1,316,002
Gain on disposal of capital assets	-	(2,923)
Amortization in cottage rentals	59,396	55,945
Change in non-cash working capital	64,694	230,179
Increase in accumulated severance pay	471,169	526,578
	(788,201)	(367,418)
INVESTING ACTIVITIES		
Purchase of capital assets	(716,823)	(1,428,395)
Proceeds on disposal of capital asset	-	20,000
Expenditures paid out of replacement reserve (net)	(60,818)	(21,632)
	(777,641)	(1,430,027)
FINANCING ACTIVITIES		
Repayment of long term debt	(59,379)	(62,395)
Increase in deferred capital contributions	674,869	1,428,395
Contributions for endowment	148	3,352
Allocation to replacement reserve	10,350	11,310
	625,988	1,380,662
NET DECREASE IN CASH	(939,854)	(416,783)
CASH, BEGINNING OF YEAR	148,929	565,712
CASH (BANK INDEBTEDNESS), END OF YEAR	(790,925)	148,929
COMPRISED OF:		
Bank indebtedness	(1,625,955)	(1,036,990)
Segregated cash	835,029	1,185,918
	(790,926)	148,928
SUPPLEMENTARY DISCLOSURE		
Interest paid	109,478	105,178

GRENFELL REGIONAL HEALTH SERVICES BOARD

Combined Funds

Notes to the Financial Statements

March 31, 2004

1. DESCRIPTION OF BUSINESS

Grenfell Regional Health Services Board (the "Board") is a not-for-profit organization whose primary operations relate to the provision of health and community services and long term nursing care.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

Basis of accounting

The Board employs fund accounting, classifying financial statement items in either the Operating Fund or Board Fund. These funds together comprise the Combined Funds.

The Operating Fund includes the primary operations and the operating assets and liabilities of the Board. Revenues (including grants and subsidies) and expenditures relate primarily to the provision of health and community services and long term nursing care.

The Board Fund contains assets held either for rental purposes, special purposes or for use at the discretion of the Board. Income consists mainly of revenue earned from rental operations, contributions and interest. Charges consist of certain hospital operating and capital expenditures not shared by government and expenditures for rental operations.

Revenue and expenditure recognition

The Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Revenue on rental operations is recognized when earned and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Inventories

Inventories consist of medical, surgical and general supplies, drugs, fuel oil and aircraft parts. Medical, surgical and general supplies and drugs are valued at the lower of cost, determined on an average cost basis, and net realizable value. Fuel oil and aircraft parts are valued at the lower of cost, determined on a first-in, first-out basis, and net realizable value.

Capital assets

Capital assets are recorded at cost. The Charles S. Curtis Memorial Hospital and the John M. Gray Centre are not recorded as assets of the Board since the Board does not hold title to them.

GRENFELL REGIONAL HEALTH SERVICES BOARD
Combined Funds
Notes to the Financial Statements
March 31, 2004

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets (Continued)

Amortization is recorded in the financial statements using the following amortization policies:

- Buildings - 5% declining balance method
 - amount equal to principal reduction of mortgage
- Equipment and vehicles - 20% declining balance method

Severance pay

The liability for severance pay is recorded in the accounts for all employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who has less than nine years of continual service.

Pension costs

Employees of the Board are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Board. The annual contributions for pensions are recognized in the accounts on a current basis.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. INVENTORIES

	<u>2004</u>	<u>2003</u>
	\$	\$
Medical, surgical and general supplies	161,683	171,865
Drugs	274,283	222,353
Fuel oil	9,927	11,098
Aircraft parts	292,909	303,205
	<u>738,802</u>	<u>708,521</u>

GRENFELL REGIONAL HEALTH SERVICES BOARD
Combined Funds
Notes to the Financial Statements
March 31, 2004

4. CAPITAL ASSETS

	2004		2003	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Land	2	-	2	2
Land improvements	24,853	-	24,853	24,853
Buildings	14,062,184	7,202,836	6,859,348	7,144,666
Equipment and vehicles	15,244,488	11,344,316	3,900,172	4,189,625
	29,331,527	18,547,152	10,784,375	11,359,146

5. OPERATING LINE OF CREDIT

The Board has an unsecured operating line of credit of \$1,500,000, of which \$1,485,283 had been used as at March 31, 2004. The line of credit bears interest at the Bank's prime lending rate.

6. LONG-TERM DEBT

	<u>2004</u>	<u>2003</u>
	\$	\$
Newfoundland and Labrador Housing Corporation 5.79% loan, secured by a mortgage on land and building known as the St. Anthony Interfaith Home 12 Unit Apartment Complex, repayable in blended monthly instalments of \$5,686 to October, 2025	844,838	864,017
Newfoundland and Labrador Housing Corporation 4.47% loan, secured by a mortgage on land and building known as the St. Anthony Interfaith Cottages Complex, repayable in blended monthly instalments of \$7,051 to January, 2019	918,644	958,844
	1,763,482	1,822,861
Less: Current portion	64,300	57,800
	1,699,182	1,765,061

GRENFELL REGIONAL HEALTH SERVICES BOARD
Combined Funds
Notes to the Financial Statements
March 31, 2004

6. LONG-TERM DEBT (Continued)

Principal repayments on long-term debt over the next five years are as follows:

	\$
2005	64,300
2006	67,500
2007	70,900
2008	74,400
2009	78,100

7. DEFERRED GRANTS

Deferred grants represent funding received for specific use such as for capital equipment, operating activities, National Child Benefit and Early Child Development that have not been expended during the year.

8. DEFERRED CAPITAL CONTRIBUTIONS

Contributions received and restricted for the purchase of capital assets are deferred and amortized on the same basis as the corresponding asset.

The deferred capital contributions balance represents the unamortized portion of these restricted contributions.

	<u>2004</u>	<u>2003</u>
	\$	\$
Beginning balance	9,323,545	10,269,853
Add: Capital contributions	674,869	1,428,395
Less: Capital reduction	-	(1,052,097)
Less: Amounts amortized to revenue	(1,210,604)	(1,322,606)
Ending balance	8,787,810	9,323,545

The capital reduction of \$1,052,097 in 2003 represents the removal of amounts relating to assets where title rests with the Government of Newfoundland and Labrador.

GRENFELL REGIONAL HEALTH SERVICES BOARD

Combined Funds

Notes to the Financial Statements

March 31, 2004

9. REPLACEMENT RESERVE

Under the terms of an agreement with the Newfoundland and Labrador Housing Corporation, the Board is required to transfer funds in the amount of \$10,350 (2003 - \$11,310) annually to a separate bank account to provide for capital replacement of the St. Anthony Interfaith Home Cottages Complex and 12 Unit Apartment Complex. The capital replacement reserve is funded by an annual charge against earnings.

10. FINANCIAL INSTRUMENTS

The carrying amounts for the Board's financial instruments included in current assets and current liabilities approximate fair value due to the short term maturity and normal credit terms of these instruments.

The carrying value of long term debt financing approximates its fair value based on current borrowing rates available to the Board.

11. CONTRACTUAL AGREEMENTS

Leases

The Board, in the course of its operations, has entered into agreements for the lease of medical and office equipment and vehicles. Most arrangements are provided on a year to year basis. For those arrangements extending beyond one year, the following are the fixed lease obligations required in each of the next five years:

	\$
2005	150,000
2006	133,000
2007	118,000
2008	5,000
2009	-

Energy Performance Contract

The Board entered into an Energy Performance Contract on February 15, 2000 with Johnson Controls Ltd. for the design and implementation of measures to improve energy efficiency, wherein Johnson Controls Ltd. guaranteed the energy savings component.

GRENFELL REGIONAL HEALTH SERVICES BOARD
Combined Funds
Notes to the Financial Statements
March 31, 2004

11. CONTRACTUAL AGREEMENTS (Continued)

Energy Performance Contract (Continued)

The cost of the contract was \$1,660,616 and is to be repaid from energy and operating savings at \$15,250 per month over a period of 8.2 years plus lump sum amounts aggregating an additional \$166,116.

As of March 31, 2004 the balance of the expenditures financed through the Bank of Nova Scotia amount to \$840,390 (2003 - \$973,918). As support for the financing, Johnson Controls Ltd. has assigned to the bank any funds due to them by the Board for the energy savings component of the contract.

In the opinion of management of the Board, the guaranteed energy savings component by Johnson Controls Ltd. is an offset to any obligation of the Board under the assignment to the bank, and as a consequence neither the capital expenditures nor the bank loan obligation is reflected in the financial statements of the Board at March 31, 2004.

Funding for the contract is from operating savings and has been approved in this manner by the Province of Newfoundland and Labrador. As a result, the monthly payments under the contract are being reported in the Board's operating statements as a normal operating cost.

SCHEDULE 1

GRENFELL REGIONAL HEALTH SERVICES BOARD

Expenditure Category - Operating/Shareable

Year ended March 31, 2004

	<u>2004</u>	<u>2003</u>
	\$	\$
ADMINISTRATION		
General administration	2,143,615	2,649,328
Finance	580,549	498,878
Personnel services	478,747	319,118
Systems support	421,853	290,744
Other	529,946	539,855
	<u>4,154,710</u>	<u>4,297,923</u>
SUPPORT SERVICES		
Housekeeping	1,364,477	1,234,966
Laundry and linen	407,086	398,846
Plant services	3,321,417	3,322,387
Patient food services	1,523,472	1,463,869
Other	1,174,859	1,111,737
	<u>7,791,311</u>	<u>7,531,805</u>
NURSING INPATIENT SERVICES - ACUTE CARE	5,941,295	5,852,451
NURSING INPATIENT SERVICES - LONG TERM CARE	2,472,339	2,455,716
	<u>8,413,634</u>	<u>8,308,167</u>
AMBULATORY CARE SERVICES	5,196,318	5,084,634
DIAGNOSTIC AND THERAPEUTIC SERVICES		
Clinical laboratory	1,620,805	1,522,673
Diagnostic imaging	759,937	800,959
Other	1,764,653	1,637,106
	<u>4,145,395</u>	<u>3,960,738</u>
MEDICAL SERVICES	7,473,304	6,878,919
COMMUNITY AND SOCIAL SERVICES		
Addictions	76,625	62,236
Continuing care	1,478,986	1,491,215
Health promotion	2,020,902	1,901,551
Health protection	37,759	37,356
Mental health	239,295	244,193
Child, youth & family services	885,156	919,718
Family & rehab services	1,920,835	1,710,814
Community corrections	398	34,693
	<u>6,659,956</u>	<u>6,401,776</u>
EDUCATION	301,517	148,447
TOTAL	<u>44,136,145</u>	<u>42,612,409</u>

GRENFELL REGIONAL HEALTH SERVICES BOARD**Revenue and Expenditures for Government Reporting**

Year ended March 31, 2004

	<u>2004</u> \$	<u>2003</u> \$
REVENUE	43,496,689	42,243,809
EXPENDITURES		
Worked and benefit salaries and contributions	28,471,221	27,735,145
Benefit contributions (third party)	4,445,302	4,310,161
Total Compensation	32,916,523	32,045,306
Supplies - plant operation and maintenance	1,109,602	1,135,035
Supplies - drugs	1,245,928	1,119,126
Supplies - medical and surgical	861,279	733,307
Supplies - other	1,671,251	1,720,807
Total Supplies	4,888,060	4,708,275
Direct client costs - continuing care	1,049,264	1,135,785
Direct client costs - child, youth and family services	162,262	144,355
Direct client costs - family and rehab services	1,556,697	1,345,651
Direct client costs - community corrections	-	(1,317)
Total Direct Client Costs	2,768,223	2,624,474
Other shareable expenses	3,563,339	3,234,354
Long term debt - interest	-	-
Long term debt - principal	-	6,434
Total expenditures	44,136,145	42,618,843
Deficit for government reporting	(639,456)	(375,034)
Long term debt - principal	-	6,434
Air ambulance services	(142,105)	(164,506)
Deficit including other operations	(781,561)	(533,106)
Non-shareable items		
Amortization of deferred capital contributions	1,210,604	1,322,606
Amortization of capital assets	(1,232,198)	(1,316,002)
Gain on disposal of capital assets	-	2,923
Accrued vacation	(76,274)	(71,817)
Accrued severance	(471,169)	(526,578)
Other income (expense)	(54,456)	(48,619)
Excess of expenditures over revenues	(1,405,054)	(1,170,593)

SCHEDULE 3

GRENFELL REGIONAL HEALTH SERVICES BOARD

Capital Transactions

Funding and Expenditures for Government Reporting

Year ended March 31, 2004

	<u>2004</u>	<u>2003</u>
	\$	\$
SOURCES OF FUNDS		
Provincial capital equipment grant in current year	350,000	65,000
Provincial facility capital grant in current year	278,600	61,300
Add: deferred capital grant from prior year	1,564,662	2,972,725
Less: deferred capital grant from current year	(1,609,681)	(1,564,662)
	583,581	1,534,363
Other contributions	266,171	437,333
TOTAL FUNDING	849,752	1,971,696
EXPENDITURES		
Building	41,956	-
Equipment	674,869	1,428,395
Repairs, maintenance and other	132,927	543,301
	849,752	1,971,696
SURPLUS (DEFICIT) ON CAPITAL PURCHASES	-	-

SCHEDULE 4

GRENFELL REGIONAL HEALTH SERVICES BOARD
Accumulated Operating Surplus (Deficit) for Government Reporting

Year ended March 31, 2004

	Combined Funds		Operating Fund		Board Fund	
	2004	2003	2004	2003	2004	2003
	\$	\$	\$	\$	\$	\$
Current assets						
Cash	-	-	-	-	24,588	45,842
Segregated cash	175,041	475,610	100,917	99,161	74,124	376,449
Accounts receivable	1,108,440	780,635	1,062,430	730,604	46,010	50,031
Due from Operating (to Board)	-	-	(3,252,811)	(3,021,398)	3,252,811	3,021,398
Inventory	738,802	708,521	738,802	708,521	-	-
Prepaid expenses	986,379	1,106,514	926,332	1,045,252	60,047	61,262
Other	978,663	1,181,862	978,663	1,178,547	-	3,315
Total current assets	3,987,325	4,253,142	554,333	740,687	3,457,580	3,558,297
Current liabilities						
Bank indebtedness	1,625,955	1,036,990	1,650,543	1,082,832	-	-
Accounts payable and accrued liabilities	3,413,337	3,547,392	3,392,256	3,531,888	14,923	15,504
Other	-	-	-	-	6,158	-
Deferred grants						
Capital	1,609,681	1,564,662	1,337,032	1,284,148	272,649	280,514
Operating	793,603	642,282	513,954	360,921	279,649	281,361
National Child Benefit	93,303	111,883	93,303	111,883	-	-
Early Child Development	31,586	51,794	31,586	51,794	-	-
Total current liabilities	7,567,465	6,955,003	7,018,674	6,423,466	573,379	577,379
Accumulated operating surplus (deficit)	(3,580,140)	(2,701,861)	(6,464,341)	(5,682,779)	2,884,201	2,980,918

GRENFELL REGIONAL HEALTH SERVICES BOARD **Deferred Revenue for National Child Benefit and Early Childhood Education**

Year ended March 31, 2004

Initiative	Funding		Expenses			Deferred Revenue		
	Deferred From Prior Year	Allocated for Current Year	Total Available for year	Gross Expenses	Excess Expenses (Deficit)	Net Expenses	Deferred Funding at March 31, 2004	Deferred Funding at March 31, 2003
NCB								
Residential/Mental Health	109,276	78,264	187,540	97,534	-	97,534	90,006	109,276
Child Care Subsidy	-	2,200	2,200	1,261	-	1,261	939	-
Funding to Centres (Equipment)	2,607	1,694	4,301	1,943	-	1,943	2,358	2,607
Special Child Welfare Allowance	-	1,000	1,000	1,000	-	1,000	-	-
Total NCB	111,883	83,158	195,041	101,738	-	101,738	93,303	111,883
ECD								
Early Intervention	26,423	55,000	81,423	73,115	-	73,115	8,308	26,423
Child Care Subsidy	18,810	70,000	88,810	72,093	-	72,093	16,717	18,810
	6,561	-	6,561	-	-	-	6,561	6,561
Total ECD	51,794	125,000	176,794	145,208	-	145,208	31,586	51,794
Total NCB and ECD	163,677	208,158	371,835	246,946	-	246,946	124,889	163,677

SCHEDULE 6

GRENFELL REGIONAL HEALTH SERVICES BOARD

Air Ambulance Services

Schedule of Revenues and Expenditures

Year ended March 31, 2004

	<u>2004</u>	<u>2003</u>
	\$	\$
REVENUES		
Operating grants		
Province of Newfoundland and Labrador	1,702,115	1,737,115
Other	79,962	71,896
	<u>1,782,077</u>	<u>1,809,011</u>
EXPENDITURES		
Airport and charter fees	625,607	742,511
Salaries and employee benefits	666,726	665,831
Fuel	275,933	283,915
Maintenance and repairs	176,786	132,377
Insurance	81,440	75,666
Other	57,526	26,642
Travel expenses - crew	19,470	24,363
Equipment rental	11,364	12,049
Freight	9,330	10,163
	<u>1,924,182</u>	<u>1,973,517</u>
EXCESS OF EXPENDITURES OVER REVENUES	<u>(142,105)</u>	<u>(164,506)</u>

SCHEDULE 7

GRENFELL REGIONAL HEALTH SERVICES BOARD

Cottage Complex and Apartment Complex

Schedule of Revenues and Expenditures

Year ended March 31, 2004

	<u>2004</u>	<u>2003</u>
	\$	\$
REVENUES		
Cottage complex	148,796	151,292
Apartment complex	114,487	119,383
	263,283	270,675
EXPENDITURES		
Cottage complex	159,860	164,594
Apartment complex	114,487	119,383
	274,347	283,977
EXCESS OF EXPENDITURES OVER REVENUE	(11,064)	(13,302)

GRENFELL REGIONAL HEALTH SERVICES BOARD**Combined Funds****Schedule of Other Income (Expense)****Year ended March 31, 2004**

	<u>2004</u>	<u>2003</u>
	\$	\$
Cottage and apartment rentals (net) - Schedule 7	(11,064)	(13,302)
Housing rentals (net)	(47,747)	(71,212)
Contributions	146,000	442,062
Interest	15,128	40,177
Repairs, maintenance and other	(156,773)	(446,344)
	<u>(54,456)</u>	<u>(48,619)</u>

Health Care Corporation of St. John's –
Operating Fund
Financial Statements
March 31, 2003

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Board of Trustees
Health Care Corporation of St. John's

We have audited the statement of financial position of the **Health Care Corporation of St. John's - Operating Fund** at March 31, 2003 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation's operating fund as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
June 20, 2003

Grant Thornton LLP
Chartered Accountants

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Health Care Corporation of St. John's **Operating Fund** **Statement of Operations**

Year Ended March 31
(in thousands of dollars)

	2003	2002
Revenue		
Provincial plan	\$ 375,608	\$ 347,475
Other	<u>49,400</u>	<u>44,417</u>
	<u>425,008</u>	<u>391,892</u>
Expenditure		
Administration and support	98,178	91,768
Interest on long term debt	9,661	9,773
Clinical programs		
Child/women's health	39,850	36,621
Medicine	32,059	30,317
Mental health	30,056	28,369
Perioperative	24,531	21,966
Surgery	23,181	21,745
Laboratory services	18,423	18,804
Diagnostic imaging	17,039	16,355
Cardiac/critical care	32,589	30,440
Ambulatory care	18,813	17,628
Rehabilitation/continuing care	15,916	15,532
Bell Island/Ferryland	1,961	1,819
Other	1,365	1,211
Medical services/education	41,305	35,763
Pharmacy and therapeutic services	9,377	8,752
Other	<u>3,218</u>	<u>3,374</u>
	<u>417,522</u>	<u>390,234</u>
Excess of revenue over expenditure before undernoted items	<u>7,486</u>	<u>1,658</u>
Depreciation	15,738	12,408
Amortization of deferred contributions	(8,071)	(8,646)
Increase in severance pay accrual	<u>5,853</u>	<u>2,727</u>
	<u>13,520</u>	<u>6,489</u>
Excess of expenditure over revenue	<u>\$ (6,034)</u>	<u>\$ (4,831)</u>

See accompanying notes to the financial statements.

**Health Care Corporation of St. John's
Operating Fund
Statement of Changes in Net Assets**

Year Ended March 31 (in thousands of dollars)	Invested in Capital assets	Deficit	2003	2002
Balance, beginning of year	\$ 47,330	\$(73,812)	\$(26,482)	\$(21,651)
Excess of expenditure over revenue	-	(6,034)	(6,034)	(4,831)
Depreciation	(15,738)	15,738	-	-
Amortization of deferred contributions	<u>8,071</u>	<u>(8,071)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 39,663</u>	<u>\$(72,179)</u>	<u>\$(32,516)</u>	<u>\$(26,482)</u>

See accompanying notes to the financial statements.

Health Care Corporation of St. John's Operating Fund Statement of Financial Position

March 31

(in thousands of dollars)

2003

2002

Assets

Current

Accounts receivable (Note 4)	\$ 22,755	\$ 24,430
Supplies inventory (Note 5)	4,174	4,131
Prepaid expenses	471	766

27,400 29,327

Capital assets (Note 6) 244,738 244,215

Capital campaign funds (Note 7) 12,754 16,214

Loan - General Hospital Hostel Association (Note 8) 2,423 -

Trust funds (Note 9) 715 658

\$ 288,030 \$ 290,414

Liabilities

Current

Bank indebtedness (Note 10)		\$ 8,170
Accounts payables and accrued liabilities	\$ 40,012	35,054
Accrued vacation pay	13,036	12,252
Current portion of long term debt	1,070	1,005
Current portion of obligations under capital leases	763	673
Current portion of accrued severance pay	1,055	1,724
Deferred revenue	4,410	4,107

60,346 62,985

Long term debt (Note 11) 145,845 147,895

Obligations under capital leases (Note 12) 2,238 669

Deferred contributions - capital 46,416 42,765

Capital campaign funds (Note 7) 12,754 16,214

Accrued severance pay 52,232 45,710

319,831 316,238

Trust funds (Note 9) 715 658

Net Assets (Deficiency)

Net assets invested in capital assets 39,663 47,330

Deficit (72,179) (73,812)

(32,516) (26,482)

\$ 288,030 \$ 290,414

Contingencies (Note 14)

Commitments (Note 15)

On Behalf of the Board

John Albert

Trustee

[Signature]

Trustee

See accompanying notes to the financial statements.

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Grant Thornton

Health Care Corporation of St. John's **Operating Fund** **Statement of Cash Flows**

Year Ended March 31
(in thousands of dollars)

	2003	2002
Increase (decrease) in cash and cash equivalents		
Operating activities		
Excess of expenditure over revenue	\$ (6,034)	\$ (4,831)
Add items not requiring a cash outlay		
Depreciation	15,738	12,408
Amortization of deferred contributions	(8,071)	(8,646)
Increase in severance pay accrual	5,853	2,727
	<u>7,486</u>	<u>1,658</u>
Change in non-cash operating working capital (Note 13)	<u>7,560</u>	<u>(8,908)</u>
Cash provided by (used in) operating activities	<u>15,046</u>	<u>(7,250)</u>
Financing activities		
Capital asset contributions	11,723	13,861
(Decrease) increase in bank borrowings	(8,170)	8,190
Proceeds from long term debt	1,229	7,000
Repayment of long term debt	(2,412)	(943)
Sinking fund payments	(805)	(766)
Proceeds from obligations under capital leases	2,644	502
Repayment of obligations under capital leases	(985)	(608)
Repayment to capital campaign fund	-	(8,700)
Cash provided by financing activities	<u>3,224</u>	<u>18,536</u>
Investing activities		
Accounts receivable – equipment	489	64
Loan – General Hospital Hostel Association	(2,500)	-
Construction and purchase of capital assets	<u>(16,263)</u>	<u>(14,757)</u>
Cash used in investing activities	<u>(18,274)</u>	<u>(14,693)</u>
Net decrease in cash and cash equivalents	(4)	(3,407)
Cash and cash equivalents		
Beginning of year	<u>20</u>	<u>3,427</u>
End of year	<u>\$ 16</u>	<u>\$ 20</u>

See accompanying notes to the financial statements.

Health Care Corporation of St. John's

Operating Fund

Notes to the Financial Statements

March 31, 2003

(tabular amounts in thousands of dollars)

1. Nature of operations

Effective April 1, 1995, the Health Care Corporation of St. John's (the Corporation) was constituted by the Hospitals Act (Health Care Corporation of St. John's) Constitution Order to manage and control the operations, facilities, services and programs of several institutions which, prior to this date, were individually controlled entities. These institutions currently operate from the following sites:

Health Sciences Centre
St. Clare's Mercy Hospital
Waterford Hospital
Leonard A. Miller Centre
Dr. Walter Templeman Health Centre
Janeway Child Health and Rehabilitation Centre

The Corporation is a registered charity and, while registered, is exempt from income tax.

2. Summary of significant accounting policies

The financial statements of the Corporation have been prepared within the framework of Canadian generally accepted accounting principles. The more significant accounting policies of the Corporation are as follows:

Basis of presentation

The Corporation applies fund accounting principles in recording its financial transactions in the Operating Fund.

The Operating Fund contains all the operating assets, liabilities, revenue and expenditure of the Corporation related to the provision of hospital services. The assets of the Operating Fund are available for the satisfaction of debts, contingent liabilities and commitments of the Corporation.

Use of estimates

In preparing the Corporation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of any overdrafts. Bank borrowings are considered to be financing activities.

Supplies inventory

Supplies inventory is valued at average cost, determined on a first-in first-out basis.

Health Care Corporation of St. John's Operating Fund Notes to the Financial Statements

March 31, 2003

(tabular amounts in thousands of dollars)

2. Summary of significant accounting policies (cont'd.)

Capital assets

The Corporation has recorded all capital assets over which it has control, although title to certain of these assets rests with the Government of Newfoundland and Labrador. Capital assets recorded prior to the merger are recorded at either cost, nominal, or approximate fair value, on the basis of accounting used by the predecessor entities. Capital assets acquired after April 1, 1995 are recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets at the following rates:

Buildings and renovations	2%
Equipment	15% - 20%
Equipment under capital leases	15%
Land improvements	10%

Construction in progress is not depreciated until the project is substantially complete at which time the project costs are transferred to buildings and renovations and depreciated accordingly.

Minor equipment purchases are charged to operations in the year of acquisition.

Capital and operating leases

A lease that transfers substantially all of the benefits and risks incidental to ownership of property is accounted for as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value. Assets acquired under capital leases are amortized on the same basis as other capital assets. All other leases are accounted for as operating leases and the payments are expensed as incurred.

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on a straight-line basis using the same rates as depreciation expense related to the capital assets purchased. Capital contributions for non-depreciable capital assets are recorded as direct increases in net assets.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Corporation.

Health Care Corporation of St. John's

Operating Fund

Notes to the Financial Statements

March 31, 2003

(tabular amounts in thousands of dollars)

2. Summary of significant accounting policies (cont'd.)

Revenue recognition

Provincial plan revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred revenue.

Unrestricted cash donations are recognized as revenue when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Revenue from the sale of goods and services is recognized at the time the goods are delivered or the services are provided.

Budget funding

The Corporation is reimbursed by the Department of Health and Community Services for the total of its operating costs, after deduction of specified revenue and expenditure, to the extent of the approved budget.

Pension costs

Employees of the Corporation are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Corporation. The annual contributions for pensions are recognized in the accounts on a current basis.

Debenture discount and commission

The debenture discount and financing fees are amortized on a straight-line basis over the term of the debenture.

Sinking funds

Sinking funds established for the retirement of debentures are held and administered in trust by the Government of Newfoundland and Labrador.

Contributed services

Volunteers contribute approximately 54,700 hours per year to assist the Corporation in carrying out its service delivery activities. Due to the difficulty of determining fair value, contributed services are not recognized in the financial statements.

Health Care Corporation of St. John's Operating Fund Notes to the Financial Statements

March 31, 2003

(tabular amounts in thousands of dollars)

3. Control of not-for-profit entities

The Corporation controls the Health Care Foundation of St. John's Inc., the Janeway Children's Hospital Foundation, and the Waterford Hospital Foundation Inc. These Foundations raise funds from the community for the capital equipment needs of the Corporation. The Foundations are incorporated under the Corporations Act of Newfoundland and Labrador and are registered charities under the Income Tax Act.

The Corporation also controls the General Hospital Hostel Association and the Northwest Rotary-Janeway Hostel Corporation. These Hostels were established to provide accommodations for family members of patients.

As of March 31, 2002, the Board of Directors approved a resolution that the assets, liabilities and net assets of the Board Fund (excluding those relating to the capital campaign) be transferred to the Operating Fund. The net assets of \$3,274,000 were transferred to the Operating Fund as a capital grant and included in deferred capital contributions.

On November 1, 2002, the Health Care Foundation of St. John's Inc. assumed the operations of the General Hospital Health Foundation, the St. Clare's Mercy Hospital Foundation and the Capital Campaign Fund. The Waterford Foundation Inc. continues to operate as a separate entity, but reports to the Board of Directors of the Health Care Foundation of St. John's Inc.

The Capital Campaign Fund consists of donations received from corporations and individuals, as well as foundations and auxiliaries, with matching funds by the Government of Newfoundland and Labrador. The funds will be used to purchase equipment for various hospital sites of the Corporation.

These not-for-profit entities have not been consolidated in the Corporation's financial statements, however separate financial statements are available on request. Financial summaries of these non-consolidated entities as at March 31, 2003 and 2002 and for the years then ended are as follows (in thousands of dollars):

Health Care Corporation of St. John's Operating Fund Notes to the Financial Statements

March 31, 2003

(tabular amounts in thousands of dollars)

3. Control of not-for-profit entities (cont'd.)

	<u>Foundations</u>		<u>Hostels</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
Financial Position				
Total assets	\$ 22,540	\$ 27,704	\$ 10,082	\$ 9,258
Total liabilities	17,920	19,593	9,860	9,180
Total net assets	<u>4,620</u>	<u>8,111</u>	<u>222</u>	<u>78</u>
	<u>\$ 22,540</u>	<u>\$ 27,704</u>	<u>\$ 10,082</u>	<u>\$ 9,258</u>
Results of Operations				
Total revenues	\$ 10,672	\$ 13,848	\$ 1,512	\$ 1,526
Total expenses	<u>14,682</u>	<u>9,369</u>	<u>1,363</u>	<u>1,494</u>
Excess of revenues over expenses (expenses over revenue)	<u>\$ (4,010)</u>	<u>\$ 4,479</u>	<u>\$ 149</u>	<u>\$ 32</u>
Cash Flows				
Cash from operations	\$ (1,354)	\$ 5,627	\$ 614	\$ 3,365
Cash used in financing and investing activities	<u>163</u>	<u>519</u>	<u>(236)</u>	<u>(3,293)</u>
Increase (decrease) in cash	<u>\$ (1,191)</u>	<u>\$ 6,146</u>	<u>\$ 378</u>	<u>\$ 72</u>

4. Accounts receivable	<u>2003</u>	<u>2002</u>
Government of Newfoundland and Labrador		
Operating	\$ 2,669	\$ 5,605
Severance and redundancy	1,717	1,639
Equipment	<u>800</u>	<u>1,289</u>
	5,186	8,533
Services to patients	5,704	5,441
Newfoundland Cancer Treatment & Research Foundation	3,862	3,529
Foundations and Hostels (Note 16)	6,135	2,543
Other	<u>1,868</u>	<u>4,384</u>
	<u>\$ 22,755</u>	<u>\$ 24,430</u>

Health Care Corporation of St. John's **Operating Fund** **Notes to the Financial Statements**

March 31, 2003
(tabular amounts in thousands of dollars)

5. Supplies inventory	2003	2002
Medical and surgical supplies	\$ 1,360	\$ 1,379
Drugs	1,514	1,469
Other	1,300	1,283
	<u>\$ 4,174</u>	<u>\$ 4,131</u>

6. Capital assets	2003		
	Cost	Accumulated Depreciation	Net Book Value
Land and land improvements	\$ 2,006	\$ 479	\$ 1,527
Buildings and renovations	272,173	69,898	202,275
Equipment	165,340	129,816	35,524
Equipment under capital leases	15,347	11,883	3,464
Construction in progress	1,948	-	1,948
	<u>\$ 456,814</u>	<u>\$ 212,076</u>	<u>\$ 244,738</u>
	2002		
	Cost	Accumulated Depreciation	Net Book Value
Land and land improvements	\$ 2,006	\$ 456	\$ 1,550
Buildings and renovations	274,539	72,046	202,493
Equipment	154,150	120,691	33,459
Equipment under capital leases	12,703	10,865	1,838
Construction in progress	4,875	-	4,875
	<u>\$ 448,273</u>	<u>\$ 204,058</u>	<u>\$ 244,215</u>

7. Capital campaign funds

The Government of Newfoundland and Labrador will provide funding to the Capital Campaign Fund by matching the donations earned by the Campaign.

Since the inception of the Capital Campaign, the Government of Newfoundland and Labrador advanced the Operating Fund \$22,200,000 (2002 - \$22,200,000). These funds will be repaid to the Capital Campaign Fund by the Operating Fund as matching funds are earned.

During 2003, the Capital Campaign earned \$3,460,700 (2002 - \$5,471,170) in matching funds and these amounts were repaid to the Capital Campaign Fund by the Operating Fund.

Health Care Corporation of St. John's Operating Fund

Notes to the Financial Statements

March 31, 2003

(tabular amounts in thousands of dollars)

8. Loan - General Hospital Hostel Association

During the year, the Corporation advanced \$2,500,000 to the General Hospital Hostel Association to fund the construction of the General Hospital Hostel.

This loan is repayable to the Corporation beginning April 1, 2003 in monthly instalments of principal and interest of \$12,647, at an interest rate of prime minus 1.75%. The loan matures March 2023. The loan is net of the current portion of \$77,000.

9. Trust funds

Funds belonging to the patients of the Corporation are being held in trust for the benefit of the patients.

10. Bank indebtedness

The Corporation has an unsecured operating line of credit of \$30,000,000, of which \$6,842,000 had been used as of March 31, 2003. Of this amount, approximately \$6,826,000 was used to fund capital projects of the Corporation and has been classified as long term debt.

The line of credit bears interest at the bank's prime lending rate less 1%.

As of May 1, 2003, the line of credit was reduced to \$10,000,000.

11. Long term debt	<u>2003</u>	<u>2002</u>
Sinking Fund Debenture, Series HCC1, 6.9%, to mature June 15, 2040, interest payable semi-annually on June 15 and December 15.	\$ 130,000	\$ 130,000
Royal Bank of Canada (re Central Kitchen), 6.06% loan for 15 year term and amortization, payable in monthly instalments of principal and interest of \$101,670.	9,881	10,482
Royal Bank of Canada (re Centre for Nursing Studies), 6.66% loan for 7 year term and amortization, payable in monthly instalments of principal and interest of \$44,847.	1,780	2,184
Bank of Montreal (re capital projects), demand loan, interest at bank's prime lending rate less 1%. Terms and conditions relating to long term financing arrangements for these projects have not been finalized.	<u>6,826</u>	<u>7,000</u>
	148,487	149,666
Less: current portion	<u>1,070</u>	<u>1,005</u>
	147,417	148,661
Less: sinking funds available	<u>1,572</u>	<u>766</u>
	<u>\$ 145,845</u>	<u>\$ 147,895</u>

Health Care Corporation of St. John's Operating Fund Notes to the Financial Statements

March 31, 2003
(tabular amounts in thousands of dollars)

11. Long term debt (cont'd.)

A sinking fund was established for the retirement of the debenture and is to be held in trust by the Government of Newfoundland and Labrador. The annual principal payment to the sinking fund is \$747,500.

The interest and mandatory sinking fund payments of the debenture are guaranteed by the Government of Newfoundland and Labrador.

Principal repayments on the loans in each of the next five years are as follows:
2004 - \$1,070,000; 2005 - \$1,140,000; 2006 - \$1,214,000; 2007 - \$1,158,000; and 2008 - \$813,000.

12. Obligations under capital leases

The Corporation has acquired medical and surgical equipment under the terms of capital leases. Payments under the leases, scheduled to expire at various dates to March 31, 2009, are as follows:

Fiscal year ended	
2004	\$ 877
2005	588
2006	576
2007	547
2008	405
2009	<u>368</u>
	3,361
Less: amount representing interest (ranging from 5.0% to 9.0%)	<u>360</u>
	3,001
Less: current portion	<u>763</u>
	<u>\$ 2,238</u>

13. Supplemental cash flow information

	<u>2003</u>	<u>2002</u>
Change in non-cash operating working capital		
Accounts receivable	\$ 1,263	\$ (3,392)
Supplies inventory	(43)	313
Prepaid expenses	295	(83)
Accounts payable and accrued liabilities	4,958	515
Payable to other funds	-	(8,204)
Accrued vacation pay	784	405
Deferred revenue	<u>303</u>	<u>1,538</u>
	<u>\$ 7,560</u>	<u>\$ (8,908)</u>

Health Care Corporation of St. John's Operating Fund Notes to the Financial Statements

March 31, 2003

(tabular amounts in thousands of dollars)

13. Supplemental cash flow information (cont'd.)	<u>2003</u>	<u>2002</u>
Cash and cash equivalents/bank indebtedness consists of:		
Operating line of credit	\$ (6,842)	\$ (15,190)
Bank accounts and cash	<u>16</u>	<u>20</u>
	(6,826)	(15,170)
Less: portion classified as long term debt	<u>6,826</u>	<u>7,000</u>
	<u>\$ -</u>	<u>\$ (8,170)</u>

14. Contingencies

Guarantees

The Corporation has guaranteed a first mortgage of the General Hospital Hostel Association (the Association) held by the Newfoundland and Labrador Housing Corporation. The balance of the mortgage outstanding at March 31, 2003 was \$1,835,000 (2002 - \$1,902,000).

The Corporation has guaranteed an additional term loan of the Association held by the Royal Bank of Canada. The balance of the loan outstanding at March 31, 2003 was \$1,044,000 (2002 - \$1,074,000).

Management believes the Corporation will not be called upon to honour these guarantees.

Other

A number of claims have been filed against the Corporation. No provision has been recorded in the accounts for these claims as the Corporation is not expected to incur any significant liability, and an estimate of loss, if any, is not determinable at this time.

15. Commitments

Operating leases

Under the terms of several long-term operating leases related to hospital and office equipment, the Corporation is committed to make the approximate annual lease payments to March 31, 2008 as follows:

2004	\$ 1,118
2005	995
2006	884
2007	847
2008	<u>464</u>
	<u>\$ 4,308</u>

Health Care Corporation of St. John's Operating Fund Notes to the Financial Statements

March 31, 2003
(tabular amounts in thousands of dollars)

15. Commitments (cont'd.)

Energy Performance Contract

The Corporation entered into an Energy Performance Contract on November 21, 1996 with Honeywell Ltd. for the design and implementation of measures to improve energy efficiency, wherein Honeywell Ltd. guaranteed the energy savings component.

The final contract amount was \$10,515,625 and is to be repaid from operating and energy savings over a seven year period at the rate of \$161,810 per month, including principal and interest.

As of March 31, 2003 the balance of the expenditures financed through the Bank of Nova Scotia amounted to \$7,380,760. As support for the financing, Honeywell Ltd. has assigned to the bank any funds due to them by the Corporation for the energy savings component of the contract.

In the opinion of management of the Corporation, the guaranteed energy savings component by Honeywell Ltd. is an offset to any obligation of the Corporation under the assignment to the bank, and as a consequence neither the capital expenditures or the bank loan obligation is reflected in the financial statements of the Corporation at March 31, 2003.

16. Related party transactions	2003	2002
Contributions to the Corporation during the year are as follows:		
Health Care Foundation of St. John's Inc.	\$ 8,702	
Janeway Children's Hospital Foundation	614	\$ 762
St. Clare's Mercy Hospital Foundation	592	461
General Hospital Hostel Association	328	213
General Hospital Health Foundation	17	142
Waterford Foundation Inc.	3	10
Northwest Rotary - Janeway Hostel Corporation	2	10
	<u>\$ 10,258</u>	<u>\$ 1,598</u>

At year end, the amounts receivable from related parties are as follows:

Health Care Foundation of St. John's Inc.	\$ 4,534	
Janeway Children's Hospital Foundation	314	\$ 334
Waterford Foundation Inc.	61	29
General Hospital Health Foundation	-	93
St. Clare's Mercy Hospital Foundation	-	30
General Hospital Hostel Association	683	1,537
Northwest Rotary - Janeway Hostel Corporation	543	520
	<u>\$ 6,135</u>	<u>\$ 2,543</u>

Health Care Corporation of St. John's

Operating Fund

Notes to the Financial Statements

March 31, 2003

(tabular amounts in thousands of dollars)

16. Related party transactions (cont'd.)

Other

Various volunteer and auxiliary associations/organizations solicit donations, operate gift shops and hostels and undertake fund raising activities to provide operating and capital donations to further the objectives of the Corporation.

17. Financial instruments

The Corporation's primary financial instruments recognized in the balance sheet consist of cash, accounts receivable, current liabilities, accrued severance pay, contractual obligations, long term debt and obligations under capital leases. The carrying value of the primary financial instruments of the Corporation approximate fair value due to the normal trade credit terms and conditions of those instruments.

At year end the Corporation did not have any significant exposure to any party or counterparty.

18. Comparative figures

Certain of the 2002 comparative figures have been reclassified from the financial statements previously presented to conform with the financial statement presentation adopted for the current year.

Deloitte

**Health Care Corporation of
St. John's – Operating Fund
Financial Statements
March 31, 2004**

Auditors' Report

To the Board of Trustees of
Health Care Corporation of St. John's – Operating Fund

We have audited the balance sheet of Health Care Corporation of St. John's – Operating Fund as at March 31, 2004 and the statements of operations, changes in net assets (deficiency) and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2004 and the results of its operations and its cash flows for year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at March 31, 2003 and for the year then ended were audited by other auditors who issued their report dated June 20, 2003.

Deloitte & Touche LLP

Chartered Accountants
July 12, 2004

Health Care Corporation of St. John's **Operating Fund** **Statement of Operations**

Year Ended March 31

(in thousands of dollars)

	2004	2003
Revenue		
- Provincial plan	\$ 383,306	\$ 375,608
Other	<u>56,380</u>	<u>49,400</u>
	<u>439,686</u>	<u>425,008</u>
Expenditures		
Administration and support	99,996	98,178
Interest on long term debt	9,577	9,661
Clinical programs		
Child/women's health	40,906	39,850
Medicine	33,685	32,059
Mental health	30,948	30,056
Perioperative	26,498	24,531
Surgery	23,846	23,181
Laboratory services	19,606	18,423
Diagnostic imaging	18,096	17,039
Cardiac/critical care	34,645	32,589
Ambulatory care	20,210	18,813
Rehabilitation/continuing care	18,499	17,733
Ferryland	156	144
Other	1,350	1,365
Medical services/education	46,805	41,305
Pharmacy and therapeutic services	10,004	9,377
Other	<u>3,342</u>	<u>3,218</u>
	<u>438,169</u>	<u>417,522</u>
Excess of revenue over expenditures before undemoted items	<u>1,517</u>	<u>7,486</u>
Depreciation	16,763	15,738
Amortization of deferred capital contributions	(8,890)	(8,071)
Increase in severance pay accrual	<u>3,426</u>	<u>5,853</u>
	<u>11,299</u>	<u>13,520</u>
Excess of expenditures over revenue	<u>\$ (9,782)</u>	<u>\$ (6,034)</u>

See accompanying notes to the financial statements.

Health Care Corporation of St. John's
Operating Fund
Statement of Changes in Net Assets (Deficiency)

Year Ended March 31 (in thousands of dollars)	Invested in capital assets	Deficit	2004	2003
Balance, beginning of year	\$ 39,663	\$ 72,179)	\$32,516)	\$(26,482)
Excess of expenditures over revenue	-	(9,782)	(9,782)	(6,034)
Depreciation	(16,763)	16,763	-	-
Amortization of deferred capital contributions	<u>8,890</u>	<u>(8,890)</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 31,790</u>	<u>\$(74,088)</u>	<u>\$(42,298)</u>	<u>\$(32,516)</u>

See accompanying notes to the financial statements.

Health Care Corporation of St. John's Operating Fund Statement of Financial Position

March 31

(in thousands of dollars)

2004

2003

Assets

Current

Accounts receivable (Note 4)	\$ 18,700	\$ 22,755
Supplies inventory (Note 5)	4,907	4,174
Prepaid expenses	1,137	471

Capital assets (Note 6)

24,744 27,400

Capital campaign funds (Note 7)

245,613 244,738

General Hospital Hostel Association loan (Note 8)

10,841 12,754

Trust funds (Note 9)

2,292 2,423

824 715

\$ 284,314 \$ 288,030

Liabilities

Current

Bank indebtedness (Note 10)	\$ 4,102	\$ 6,826
Accounts payables and accrued liabilities	41,362	40,012
Accrued vacation pay	14,872	13,036
Current portion of long term debt (Note 11)	1,249	1,070
Current portion of obligations under capital leases (Note 12)	736	763
Current portion of accrued severance pay	1,822	1,055
Deferred revenue	3,754	4,410

67,897 67,172

Long term debt (Note 11)

137,391 139,019

Obligations under capital leases (Note 12)

2,269 2,238

Deferred capital contributions

52,499 46,416

Capital campaign funds (Note 7)

10,841 12,754

Accrued severance pay

54,891 52,232

325,788 319,831

Trust funds (Note 9)

824 715

Net Assets (Deficiency)

Net assets invested in capital assets

31,790 39,663

Deficit

(74,088) (72,179)

(42,298) (32,516)

\$ 284,314 \$ 288,030

Contingencies (Note 14)

Commitments (Note 15)

On Behalf of the Board

Trustee

Trustee

See accompanying notes to the financial statements.

Health Care Corporation of St. John's **Operating Fund** **Statement of Cash Flows**

Year Ended March 31
(in thousands of dollars)

2004

2003

Increase (decrease) in cash and cash equivalents

Operating activities		
Excess of expenditures over revenue	\$ (9,782)	\$ (6,034)
Adjustments for:		
Depreciation	16,763	15,738
Amortization of deferred capital contributions	(8,890)	(8,071)
Increase in severance pay accrual	<u>3,426</u>	<u>5,853</u>
	1,517	7,486
Change in non-cash operating working capital (Note 13)	<u>5,186</u>	<u>7,560</u>
Cash provided by operating activities	<u>6,703</u>	<u>15,046</u>
Financing activities		
Capital asset contributions	14,973	11,723
Decrease in bank borrowings	(2,724)	(1,344)
Proceeds from long term debt	576	1,229
Repayment of long term debt	(1,174)	(9,238)
Sinking fund payments	(851)	(805)
Repayment on General Hospital Hostel Association loan	131	-
Proceeds from obligations under capital leases	831	2,644
Repayment of obligations under capital leases	<u>(827)</u>	<u>(985)</u>
Cash provided by financing activities	<u>10,935</u>	<u>3,224</u>
Investing activities		
Accounts receivable – equipment	-	489
General Hospital Hostel Association loan	-	(2,500)
Construction and purchase of capital assets	<u>(17,638)</u>	<u>(16,263)</u>
Cash used in investing activities	<u>(17,638)</u>	<u>(18,274)</u>
Net decrease in cash and cash equivalents	-	(4)
Cash and cash equivalents		
Beginning of year	<u>16</u>	<u>20</u>
End of year	<u>\$ 16</u>	<u>\$ 16</u>

See accompanying notes to the financial statements.

Health Care Corporation of St. John's

Operating Fund

Notes to the Financial Statements

March 31, 2004

(tabular amounts in thousands of dollars)

1. Nature of operations

The Health Care Corporation of St. John's (the "Corporation") was constituted by the Hospitals Act Constitution Order in 1995. The Corporation is a health care organization with unique regional and provincial responsibilities. In addition to the provision of comprehensive health care services, the Corporation also provides education and research in partnership with all stakeholders.

The Corporation is a registered charity and, while registered, is exempt from tax.

2. Summary of significant accounting policies

The financial statements of the Corporation have been prepared within the framework of Canadian generally accepted accounting principles. The more significant accounting policies of the Corporation are as follows:

Basis of presentation

The Corporation applies fund accounting principles in recording its financial transactions in the Operating Fund.

The Operating Fund contains all the operating assets, liabilities, revenue and expenditures of the Corporation related to the provision of hospital services. The assets of the Operating Fund are available for the satisfaction of debts, contingent liabilities and commitments of the Corporation.

Use of estimates

In preparing the Corporation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of any overdrafts. Bank borrowings are considered to be financing activities.

Supplies inventory

Supplies inventory is valued at average cost, determined on a first-in first-out basis.

Health Care Corporation of St. John's Operating Fund Notes to the Financial Statements

March 31, 2004

(tabular amounts in thousands of dollars)

2. Summary of significant accounting policies (cont'd.)

Capital assets

The Corporation has recorded all capital assets over which it has control, although title to certain of these assets rests with the Government of Newfoundland and Labrador. Capital assets recorded prior to the creation of the Corporation are recorded at either cost, nominal, or approximate fair value, on the basis of accounting used by the predecessor entities. Capital assets acquired after April 1, 1995 are recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets at the following rates:

Buildings and renovations	2%
Equipment	15% - 20%
Equipment under capital leases	15%
Land improvements	10%

Construction in progress is not depreciated until the project is substantially complete at which time the project costs are transferred to buildings and renovations and depreciated accordingly.

Minor equipment purchases are charged to operations in the year of acquisition.

Capital and operating leases

A lease that transfers substantially all of the benefits and risks associated with ownership of property is accounted for as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value. Assets acquired under capital leases are amortized on the same basis as other capital assets. All other leases are accounted for as operating leases and the payments are expensed as incurred.

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on a straight-line basis using the same rates as depreciation expense related to the capital assets purchased. Capital contributions for non-depreciable capital assets are recorded as direct increases in net assets.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Corporation.

Health Care Corporation of St. John's

Operating Fund

Notes to the Financial Statements

March 31, 2004

(tabular amounts in thousands of dollars)

2. Summary of significant accounting policies (cont'd.)

Revenue recognition

Provincial plan revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred revenue.

Unrestricted cash donations are recognized as revenue when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Revenue from the sale of goods and services is recognized at the time the goods are delivered or the services are provided.

Budget funding

The Corporation is reimbursed by the Department of Health and Community Services for the total of its operating costs, after deduction of specified revenue and expenditure, to the extent of the approved budget.

Pension costs

Employees of the Corporation are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Corporation. The annual contributions for pensions are recognized in the accounts on a current basis.

Debenture discount and commission

The debenture discount and financing fees are amortized on a straight-line basis over the term of the debenture.

Sinking funds

Sinking funds established for the retirement of debentures are held and administered in trust by the Government of Newfoundland and Labrador.

Contributed services

Volunteers contribute approximately 66,000 hours per year to assist the Corporation in carrying out its service delivery activities. Due to the difficulty of determining fair value, contributed services are not recognized in the financial statements.

Health Care Corporation of St. John's Operating Fund Notes to the Financial Statements

March 31, 2004

(tabular amounts in thousands of dollars)

3. Control of not-for-profit entities

The Corporation controls the Health Care Foundation of St. John's Inc., the Janeway Children's Hospital Foundation, and the Waterford Hospital Foundation Inc. These Foundations raise funds from the community for the capital equipment needs of the Corporation. The Foundations are incorporated under the Corporations Act of Newfoundland and Labrador and are registered charities under the Income Tax Act.

The Corporation also controls the General Hospital Hostel Association and the Northwest Rotary-Janeway Hostel Corporation. These Hostels were established to provide accommodations for family members of patients.

As of March 31, 2003, the Board of Directors approved a resolution that the assets, liabilities and net assets of the Board Fund (excluding those relating to the capital campaign) be transferred to the Operating Fund. The net assets of \$3,274,000 were transferred to the Operating Fund as a capital grant and included in deferred capital contributions.

On November 1, 2003, the Health Care Foundation of St. John's Inc. assumed the operations of the General Hospital Health Foundation, the St. Clare's Mercy Hospital Foundation and the Capital Campaign Fund. The Waterford Foundation Inc. continues to operate as a separate entity, but reports to the Board of Directors of the Health Care Foundation of St. John's Inc.

The Capital Campaign Fund consists of donations received from corporations and individuals, as well as foundations and auxiliaries, with matching funds by the Government of Newfoundland and Labrador. The funds will be used to purchase equipment for various hospital sites of the Corporation.

These not-for-profit entities have not been consolidated in the Corporation's financial statements, however separate financial statements are available on request. Financial summaries of these non-consolidated entities as at March 31, 2004 and 2003 and for the years then ended are as follows (in thousands of dollars):

Health Care Corporation of St. John's Operating Fund Notes to the Financial Statements

March 31, 2004

(tabular amounts in thousands of dollars)

3. Control of not-for-profit entities (cont'd.)

	<u>Foundations</u>		<u>Hostels</u>	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Financial Position				
Total assets	\$ 16,880	\$ 22,540	\$ 9,346	\$ 10,082
Total liabilities	13,374	17,920	9,088	9,860
Total net assets	<u>3,506</u>	<u>4,620</u>	<u>258</u>	<u>222</u>
	\$ 16,880	\$ 22,540	\$ 9,346	\$ 10,082
Results of Operations				
Total revenues	\$ 13,378	\$ 10,672	\$ 1,649	\$ 1,512
Total expenditures	<u>14,493</u>	<u>14,682</u>	<u>1,607</u>	<u>1,363</u>
Excess of revenues over expenditures (expenditures over revenue)	\$ (1,115)	\$ (4,010)	\$ 42	\$ 149
Cash Flows				
Cash from operations	\$ (3,707)	\$ (1,354)	\$ (208)	\$ 614
Cash used in financing and investing activities	<u>(303)</u>	<u>163</u>	<u>(188)</u>	<u>(236)</u>
Increase (decrease) in cash	\$ (4,010)	\$ (1,191)	\$ (396)	\$ 378

4. Accounts receivable	<u>2004</u>	<u>2003</u>
Government of Newfoundland and Labrador		
Operating	\$ 1,261	\$ 2,669
Severance and redundancy	-	1,717
Capital	<u>500</u>	<u>800</u>
	1,761	5,186
Services to patients	4,208	5,704
Newfoundland Cancer Treatment & Research Foundation	4,501	3,862
Foundations and Hostels (Note 16)	2,988	6,135
Other	<u>5,242</u>	<u>1,868</u>
	\$ 18,700	\$ 22,755

Health Care Corporation of St. John's Operating Fund Notes to the Financial Statements

March 31, 2004

(tabular amounts in thousands of dollars)

5. Supplies inventory	2004	2003
Medical and surgical supplies	\$ 1,515	\$ 1,360
Drugs	2,114	1,514
Other	1,278	1,300
	<u>\$ 4,907</u>	<u>\$ 4,174</u>

6. Capital assets	2004		
	Cost	Accumulated Depreciation	Net Book Value
Land and land improvements	\$ 1,714	\$ 294	\$ 1,420
Buildings and renovations	272,392	75,345	197,047
Equipment	177,954	140,166	37,788
Equipment under capital leases	16,177	12,742	3,435
Construction in progress	5,923	-	5,923
	<u>\$ 474,160</u>	<u>\$ 228,547</u>	<u>\$ 245,613</u>

	2003		
	Cost	Accumulated Depreciation	Net Book Value
Land and land improvements	\$ 2,006	\$ 479	\$ 1,527
Buildings and renovations	272,173	69,898	202,275
Equipment	165,340	129,816	35,524
Equipment under capital leases	15,347	11,883	3,464
Construction in progress	1,948	-	1,948
	<u>\$ 456,814</u>	<u>\$ 212,076</u>	<u>\$ 244,738</u>

7. Capital campaign funds

The Government of Newfoundland and Labrador will provide funding to the Capital Campaign Fund by matching the donations earned by the Campaign.

Since the inception of the Capital Campaign, the Government of Newfoundland and Labrador advanced the Operating Fund \$25,000,000 (2003 - \$22,200,000). These funds will be repaid to the Capital Campaign Fund by the Operating Fund as matching funds are earned.

During 2004, the Capital Campaign earned \$ 4,712,793 (2003 - \$3,460,700) in matching funds and these amounts were repaid to the Capital Campaign Fund by the Operating Fund.

Health Care Corporation of St. John's Operating Fund Notes to the Financial Statements

March 31, 2004

(tabular amounts in thousands of dollars)

8. General Hospital Hostel Association loan

This loan is repayable to the Corporation in monthly installments of principal and interest of \$12,647, at an interest rate of prime minus 1.75%. The loan matures March 2023. The loan is net of the current portion of \$104,776.

9. Trust funds

Funds belonging to the patients of the Corporation are being held in trust for the benefit of the patients.

10. Bank indebtedness

The Corporation has an unsecured operating line of credit of \$30,000,000, of which \$4,118,000 had been used as of March 31, 2004. Of this amount, approximately \$4,102,000 was used to fund capital projects of the Corporation.

The line of credit bears interest at the bank's prime lending rate less 1%.

As of May 1, 2004, the line of credit was reduced to \$10,000,000.

11. Long term debt	<u>2004</u>	<u>2003</u>
Sinking Fund Debenture, Series HCC1, 6.9%, to mature June 15, 2040, interest payable semi-annually on June 15 and December 15.	\$ 130,000	\$ 130,000
Royal Bank of Canada (Central Kitchen), 6.06% loan for 15 year term maturing May 2014, payable in monthly installments of principal and interest of \$101,670.	9,242	9,881
Royal Bank of Canada (Centre for Nursing Studies), 6.66% loan for 7 year term maturing December 2006, payable in monthly installments of principal and interest of \$44,847.	1,348	1,780
Royal Bank of Canada (Veterans Pavilion), 5.03% loan for 5 year term maturing April 2008, payable in monthly installments of principal and interest of \$10,877.	472	-
	141,062	141,661
Less: current portion	1,249	1,070
	139,813	140,591
Less: sinking funds available	2,422	1,572
	<u>\$ 137,391</u>	<u>\$ 139,019</u>

Health Care Corporation of St. John's

Operating Fund

Notes to the Financial Statements

March 31, 2004

(tabular amounts in thousands of dollars)

11. Long term debt (cont'd.)

A sinking fund was established for the retirement of the debenture and is to be held in trust by the Government of Newfoundland and Labrador. The annual principal payment to the sinking fund is \$747,500.

The interest and mandatory sinking fund payments of the debenture are guaranteed by the Government of Newfoundland and Labrador.

Principal repayments on the loans in each of the next five years are as follows:

	\$
2005	1,249
2006	1,329
2007	1,279
2008	940
2009	
2010	864

12. Obligations under capital leases

The Corporation has acquired medical and surgical equipment under the terms of capital leases. Payments under the leases, scheduled to expire at various dates to March 31, 2009, are as follows:

Fiscal year ended

2005	\$	827
2006		831
2007		818
2008		406
2009		<u>368</u>
		3,250
Less: amount representing interest (ranging from 0.0% to 9.0%)		<u>245</u>
		3,005
Less: current portion		<u>736</u>
	\$	<u>2,269</u>

13. Supplemental cash flow information

	<u>2004</u>	<u>2003</u>
Change in non-cash operating working capital		
Accounts receivable	\$ 4,055	\$ 1,263
Supplies inventory	(733)	(43)
Prepaid expenses	(666)	295
Accounts payable and accrued liabilities	1,350	4,958
Accrued vacation pay	1,836	784
Deferred revenue	<u>(656)</u>	<u>303</u>
	<u>\$ 5,186</u>	<u>\$ 7,560</u>

Health Care Corporation of St. John's

Operating Fund

Notes to the Financial Statements

March 31, 2004

(tabular amounts in thousands of dollars)

13. Supplemental cash flow information (cont'd.)

2004

2003

Cash and cash equivalents/bank indebtedness consists of:

Operating line of credit	\$ (4,118)	\$ (6,842)
Bank accounts and cash	16	16
	<u>\$ (4,102)</u>	<u>\$ (6,826)</u>

14. Contingencies

Guarantees

The Corporation has guaranteed a first mortgage of the General Hospital Hostel Association (the Association) held by the Newfoundland and Labrador Housing Corporation. The balance of the mortgage outstanding at March 31, 2004 was \$1,765,000 (2003 - \$1,835,000).

The Corporation has guaranteed an additional term loan of the Association held by the Royal Bank of Canada. The balance of the loan outstanding at March 31, 2004 was \$ 1,012,000 (2003 - \$1,044,000).

Management believes the Corporation will not be called upon to honour these guarantees.

Other

A number of claims have been filed against the Corporation. No provision has been recorded in the accounts for these claims as the Corporation is not expected to incur any significant liability, and an estimate of loss, if any, is not determinable at this time.

15. Commitments

Operating leases

Under the terms of several long-term operating leases related to hospital and office equipment, the Corporation is committed to make the approximate annual lease payments to March 31, 2009 as follows:

2005	\$ 1,179
2006	1,059
2007	1,022
2008	585
2009	<u>5</u>
	<u>\$ 3,850</u>

Health Care Corporation of St. John's Operating Fund Notes to the Financial Statements

March 31, 2004

(tabular amounts in thousands of dollars)

15. Commitments (cont'd.)

Energy Performance Contract

The Corporation entered into an Energy Performance Contract on November 21, 1996 with Honeywell Ltd. for the design and implementation of measures to improve energy efficiency, wherein Honeywell Ltd. guaranteed the energy savings component.

The final contract amount was \$10,515,625 and is to be repaid from operating and energy savings over a seven year period at the rate of \$161,810 per month, including principal and interest.

As of March 31, 2004 the balance of the expenditures financed through the Bank of Nova Scotia amounted to \$5,950,840. As support for the financing, Honeywell Ltd. has assigned to the bank any funds due to them by the Corporation for the energy savings component of the contract.

In the opinion of management of the Corporation, the guaranteed energy savings component by Honeywell Ltd. is an offset to any obligation of the Corporation under the assignment to the bank, and as a consequence neither the capital expenditures or the bank loan obligation is reflected in the financial statements of the Corporation at March 31, 2004.

Picture Archival Communications System

The Corporation entered into a contract to purchase a computer system from General Electric Canada Inc. The total of this contract is \$6,015,000 with payments at various phases of completion. The initial down payment of \$520,098 was paid on March 31, 2004. No work has begun on this system to date.

16. Related party transactions	<u>2004</u>	<u>2003</u>
Contributions to the Corporation during the year are as follows:		
Health Care Foundation of St. John's Inc.	\$ 8,670	\$ 9,311
Janeway Children's Hospital Foundation	478	614
General Hospital Hostel Association	361	328
Waterford Foundation Inc.	3	3
Northwest Rotary - Janeway Hostel Corporation	-	2
	<u>\$ 9,512</u>	<u>\$ 10,258</u>

Health Care Corporation of St. John's

Operating Fund

Notes to the Financial Statements

March 31, 2004

(tabular amounts in thousands of dollars)

16. Related party transactions (cont'd.)

At year end, the amounts receivable from related parties are as follows:

Health Care Foundation of St. John's Inc.	\$ 1,656	\$ 4,534
Janeway Children's Hospital Foundation	495	314
Waterford Foundation Inc.	56	61
General Hospital Hostel Association	169	683
Northwest Rotary - Janeway Hostel Corporation	<u>612</u>	<u>543</u>
	<u>\$ 2,988</u>	<u>\$ 6,135</u>

Other

Various volunteer and auxiliary associations/organizations solicit donations, operate gift shops and hostels and undertake fund raising activities to provide operating and capital donations to further the objectives of the Corporation.

17. Financial instruments

The carrying value of the Corporation's financial instruments included in current assets and current liabilities approximates fair value due to the relatively short term to maturing of these instruments.

Long term debt and obligations under capital leases reflect fair value based on current borrowing rates available to the Corporation.

18. Comparative figures

Certain of the 2003 comparative figures have been reclassified from the financial statements previously presented to conform with the financial statement presentation adopted for the current year.

HEALTH LABRADOR CORPORATION
AUDITORS' REPORT
FINANCIAL STATEMENTS - MARCH 31, 2004

AUDITORS' REPORT

To the Board of Directors of **Health Labrador Corporation**

We have audited the consolidated balance sheet of **Health Labrador Corporation** as at March 31, 2004 and the consolidated statements of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2004 and the results of its operations and the changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Happy Valley-Goose Bay, NL

September 29, 2004

HEALTH LABRADOR CORPORATION

Consolidated

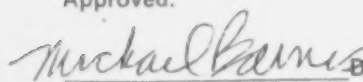
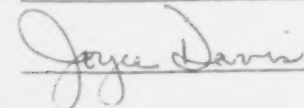
Balance Sheet

March 31, 2004

	2004	2003
Assets		
Current assets:		
Cash	\$ 2,574,091	1,356,323
Restricted cash (Note 3)	1,609,871	1,286,382
Receivables, less doubtful of \$683,094(2003 - \$656,700)	2,114,180	3,096,578
Inventories	702,230	658,032
Prepaid expenses	169,879	188,358
Total current assets	7,170,251	6,585,673
Residents' Trust funds held on deposit	93,068	89,114
Capital assets (Note 4)	11,261,011	12,370,593
	<u>\$ 18,524,330</u>	<u>19,045,380</u>
Liabilities		
Current liabilities:		
Bank indebtedness (Note 5)	\$ 10,710,000	10,036,246
Payables	4,205,195	4,048,004
Accrued liabilities	3,698	4,413
Accrued vacation pay	2,104,416	1,747,800
Other accrued benefits	1,080,792	886,893
Deferred contributions - operating	223,105	159,413
- National Child Benefit (NCB) and Early Childhood Development (ECD) programs	258,593	343,976
- capital	1,588,824	493,200
- special purpose funds	923,971	659,553
Current portion of accrued severance pay - estimated	150,679	233,841
Current portion of long-term debt (Note 6)	11,536	10,463
Total current liabilities	21,260,809	18,623,802
Residents' Trust Funds payable	93,068	89,114
Accrued severance pay, less estimated current portion of \$150,679 (2003 - \$233,841)	3,249,436	2,915,096
Long-term debt (Note 6)	1,254,029	1,265,565
Deferred contributions related to capital assets (Note 7)	8,645,201	9,779,233
	<u>34,502,543</u>	<u>32,672,810</u>
Net assets, per accompanying statement:		
Net assets invested in capital assets	1,350,244	1,315,332
Net assets restricted for endowment purposes	215,917	215,917
Net assets internally restricted for Board purposes	(386,681)	(148,502)
Unrestricted net assets	<u>(17,157,693)</u>	<u>(15,010,177)</u>
	<u>(15,978,213)</u>	<u>(13,627,430)</u>
Contingencies (Note 12)	<u>\$ 18,524,330</u>	<u>19,045,380</u>

See accompanying notes

Approved:

 Director
 Director

HEALTH LABRADOR CORPORATION

Consolidated

Statement of Changes in Net Assets

Year ended March 31, 2004

	2004				2003
	Invested in Capital Assets	Restricted for Endowment Purposes	Restricted for Board Purposes	Unrestricted Operating	Total
Balance, beginning	\$ 1,315,332	215,917	(148,502)	(15,010,177)	(13,627,430)
Deficiency of revenue over expenditure	(203,948)	-	(238,179)	(1,908,656)	(1,045,117)
Contributions restricted for the purchase of artwork	-	-	-	-	13,020
Investment in capital assets (Note 8)	238,860	-	-	(238,860)	-
Balance, ending	\$ 1,350,244	215,917	(386,681)	(17,157,693)	(13,627,430)

See accompanying notes

HEALTH LABRADOR CORPORATION

Consolidated

Statement of Operations

Year ended March 31, 2004

2004

2003

Revenue:

Provincial plan - operating	\$ 40,174,053	38,576,865
National Child Benefit	936,089	847,485
MCP physicians	4,693,631	4,387,049
Child Youth and Family Services Agreement	3,290,189	2,306,881
Inpatient	426,197	475,126
Outpatient	548,690	455,528
Long-term care	525,440	534,638
Other (Note 9)	2,907,494	2,267,597
	<u>53,501,783</u>	<u>49,851,169</u>

Expenditure:

Administration	4,801,843	4,463,824
Support services	7,495,788	7,318,530
Nursing inpatient services	8,279,427	8,007,146
Ambulatory care services	6,772,643	6,168,456
Diagnostic and therapeutic services	5,264,347	4,522,694
Community and social services	14,951,858	13,154,561
Medical services	5,671,222	4,909,228
Education	643,704	698,678
Board	303,292	266,874
Undistributed	792,257	758,563
	<u>54,976,381</u>	<u>50,268,554</u>

Deficit prior to other operations (1,474,598) (417,385)

Air ambulance services - net (Note 10) (64,444) 143,449

Deficit after other operations (1,539,042) (273,936)

Non-shareable items:

Amortization	1,625,160	1,796,228
Accrued vacation pay - increase	356,616	199,986
Accrued severance pay - increase	251,177	378,253
Amortization of deferred capital grants	(1,421,212)	(1,603,286)
	<u>811,741</u>	<u>771,181</u>

Deficiency of revenue over expenditure (Note 12) \$(2,350,783) (1,045,117)

See accompanying notes

HEALTH LABRADOR CORPORATION

Consolidated

Statement of Cash Flow

Year ended March 31, 2004

2004

2003

Cash flows:

Operations:

Deficiency of revenue over expenditure	\$(2,350,783)	(1,045,117)
Amortization	1,625,160	1,796,228
Loss on disposal of capital assets	298,769	30,288
Amortization of deferred capital grants	(1,421,212)	(1,603,286)
Unamortized contributions on assets disposed	(299,269)	(73,884)
	(2,147,335)	(895,771)

Changes in:

Receivables	982,398	1,443,982
Inventories	(44,198)	11,976
Prepaid expenses	18,479	(79,073)
Payables and accruals	350,375	1,103,842
Accrued vacation pay	356,616	199,986
Deferred contributions - operating, NCB and ECD programs	(21,691)	(452,896)
Accrued severance pay	251,177	378,252
	(254,179)	1,710,298

Investing:

Additions to capital assets	(814,846)	(1,703,685)
Proceeds from disposal of capital assets	500	43,597
	(814,346)	(1,660,088)

Financing:

Deferred contributions - capital	1,095,624	(945,280)
- special purpose funds	264,418	(332,213)
Repayment of long-term debt	(10,463)	(9,490)
Deferred contributions related to capital assets purchased	586,449	1,482,998
	1,936,028	196,015

Net increase in cash and cash equivalents

867,503 246,225

Cash and cash equivalents:

Beginning	(7,393,541)	(7,639,766)
Ending	<u>\$(6,526,038)</u>	<u>(7,393,541)</u>

Represented by:

Cash	\$ 2,574,091	1,356,323
Restricted cash (Note 3)	1,609,871	1,286,382
Bank indebtedness (Note 5)	<u>(10,710,000)</u>	<u>(10,036,246)</u>
	<u>\$(6,526,038)</u>	<u>(7,393,541)</u>

See accompanying notes

HEALTH LABRADOR CORPORATION

Operating Fund

Balance Sheet

March 31, 2004

2004

2003

Assets

Current assets:

Cash	\$ 2,574,091	1,356,323
Restricted cash (Note 3)	1,393,954	1,070,465
Receivables, less doubtful of \$683,094 (2003 - \$656,700)	2,114,180	3,096,578
Inventories	702,230	658,032
Prepaid expenses	169,879	188,358

Total current assets

6,954,334

6,369,756

Due from Board Fund

386,681

148,502

Residents' Trust funds held on deposit

93,068

89,114

Capital assets (Note 4)

11,261,011

12,370,593

\$ 18,695,09418,977,965**Liabilities**

Current liabilities:

Bank indebtedness (Note 5)	\$ 10,710,000	10,036,246
Payables	4,205,195	4,048,004
Accrued liabilities	3,698	4,413
Accrued vacation pay	2,104,416	1,747,800
Other accrued benefits	1,080,792	886,893
Deferred contributions - operating	223,105	159,413
- NCB and ECD programs	258,593	343,976
- capital	1,588,824	493,200
- special purpose funds	923,971	659,553
Current portion of accrued severance pay - estimated	150,679	233,841
Current portion of long-term debt (Note 6)	11,536	10,463

Total current liabilities

21,260,809

18,623,802

Residents' Trust Funds payable

93,068

89,114

Accrued severance pay, less estimated current portion of
\$150,679 (2003 - \$233,841)

3,249,436

2,915,096

Long-term debt (Note 6)

1,254,029

1,265,565

Deferred contributions related to capital assets (Note 7)

8,645,201

9,779,233

34,502,54332,672,810**Net assets, per accompanying statement**

Net assets invested in capital assets

1,350,244

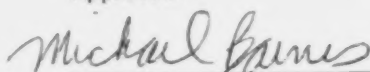
1,315,332

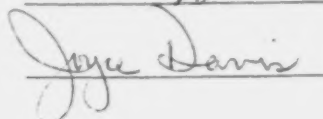
Unrestricted net assets

(17,157,693)(15,010,177)(15,807,449)(13,694,845)\$ 18,695,09418,977,965

See accompanying notes

Approved:

 Director

 Director

HEALTH LABRADOR CORPORATION

Operating Fund

Statement of Changes in Net Assets

Year ended March 31, 2004

	2004			2003
	Invested in Capital Assets	Unrestricted Operating	Total	Total
Balance, beginning	\$ 1,315,332	(15,010,177)	(13,694,845)	(12,862,636)
Deficiency of revenue over expenditure	(203,948)	(1,908,656)	(2,112,604)	(845,229)
Contributions restricted for the purchase of artwork	-	-	-	13,020
Investment in capital assets (Note 8)	<u>238,860</u>	(<u>238,860</u>)	<u>-</u>	<u>-</u>
Balance, ending	<u>\$ 1,350,244</u>	<u>(17,157,693)</u>	<u>(15,807,449)</u>	<u>(13,694,845)</u>

See accompanying notes

HEALTH LABRADOR CORPORATION

Operating Fund

Statement of Operations

Year ended March 31, 2004

	2004	2003
Revenue:		
Provincial plan - operating	\$ 40,174,053	38,576,865
National Child Benefit	936,089	847,485
MCP physicians	4,693,631	4,387,049
Child Youth and Family Services Agreement	3,290,189	2,306,881
Inpatient	426,197	475,126
Outpatient	548,690	455,528
Long-term care	525,440	534,638
Other (Note 9)	2,842,381	2,200,611
	<u>53,436,670</u>	<u>49,784,183</u>
Expenditure:		
Administration	4,801,843	4,463,824
Support services	7,495,788	7,318,530
Nursing inpatient services	8,279,427	8,007,146
Ambulatory care services	6,772,643	6,168,456
Diagnostic and therapeutic services	5,264,347	4,522,694
Community and social services	14,951,858	13,154,561
Medical services	5,671,222	4,909,228
Education	643,704	698,678
Undistributed	792,257	758,563
	<u>54,673,089</u>	<u>50,001,680</u>
Deficit prior to other operations	(1,236,419)	(217,497)
Air ambulance services - net (Note 10)	(64,444)	143,449
Deficit after other operations	(1,300,863)	(74,048)
Non-shareable items:		
Amortization	1,625,160	1,796,228
Accrued vacation pay - increase	356,616	199,986
Accrued severance pay - increase	251,177	378,253
Amortization of deferred capital grants	(1,421,212)	(1,603,286)
	<u>811,741</u>	<u>771,181</u>
Deficiency of revenue over expenditure	<u>\$(2,112,604)</u>	<u>(845,229)</u>

See accompanying notes

HEALTH LABRADOR CORPORATION

Operating Fund

Statement of Cash Flow

Year ended March 31, 2004

2004

2003

Cash flows:

Operations:

Deficiency of revenue over expenditure	\$ (2,112,604)	(845,229)
Amortization	1,625,160	1,796,228
Loss on disposal of capital assets	298,769	30,288
Amortization of deferred capital grants	(1,421,212)	(1,603,286)
Unamortized contributions on assets disposed	(299,269)	(73,884)
	(1,909,156)	(695,883)

Changes in:

Receivables	982,398	1,443,982
Inventories	(44,198)	11,976
Prepaid expenses	18,479	(79,073)
Due from Board Fund	(238,179)	(148,502)
Payables and accruals	350,375	1,103,842
Accrued vacation pay	356,616	199,986
Deferred contributions - operating, NCB and ECD programs	(21,691)	(452,896)
Accrued severance pay	251,177	378,252
	(254,179)	1,761,684

Investing:

Additions to capital assets	(814,846)	(1,703,685)
Proceeds from disposal of capital assets	500	43,597
	(814,346)	(1,660,088)

Financing:

Deferred contributions - capital	1,095,624	(945,280)
- special purpose funds	264,418	(332,213)
Repayment of long-term debt	(10,463)	(9,490)
Deferred contributions related to capital assets purchased	586,449	1,482,998
	1,936,028	196,015

Net increase in cash and cash equivalents

867,503 297,611

Cash and cash equivalents:

Beginning	(7,609,458)	(7,907,069)
Ending	\$ (6,741,955)	(7,609,458)

Represented by:

Cash	\$ 2,574,091	1,356,323
Restricted cash (Note 3)	1,393,954	1,070,465
Bank indebtedness (Note 5)	(10,710,000)	(10,036,246)
	\$ (6,741,955)	(7,609,458)

See accompanying notes

HEALTH LABRADOR CORPORATION

Board Fund

Balance Sheet

March 31, 2004

2004

2003

Asset

Restricted cash

\$ 215,917

215,917

Liability

Due to Operating Fund

386,681

148,502

Net assets, per accompanying statement

Net assets restricted for endowment purposes

215,917

215,917

Net assets internally restricted for Board purposes

(386,681)

(148,502)

(170,764)

67,415

\$ 215,917

215,917

See accompanying notes

Approved:

Michael Barnes Director

Jaye Davis Director

HEALTH LABRADOR CORPORATION

Board Fund

Statement of Changes in Net Assets

Year ended March 31, 2004

	2004			2003
	Restricted for Endowment Purposes	Restricted for Board Purposes	Total	Total
Balance, beginning	\$ 215,917	(148,502)	67,415	267,303
Deficiency of revenue over expenditure	-	(238,179)	(238,179)	(199,888)
Balance, ending	<u>\$ 215,917</u>	<u>(386,681)</u>	<u>(170,764)</u>	<u>67,415</u>

See accompanying notes

HEALTH LABRADOR CORPORATION

Board Fund

Statement of Operations

Year ended March 31, 2004

	2004	2003
Revenue:		
Interest	\$ 64,202	64,411
Other	<u>911</u>	<u>2,575</u>
	<u>65,113</u>	<u>66,986</u>
Expenditure:		
Interest	299,670	261,215
Retirement and awards	606	1,162
Other	<u>3,016</u>	<u>4,497</u>
	<u>303,292</u>	<u>266,874</u>
Deficiency of revenue over expenditure	<u><u>\$(238,179)</u></u>	<u><u>(199,888)</u></u>

See accompanying notes

HEALTH LABRADOR CORPORATION

Board Fund

Statement of Cash Flow

Year ended March 31, 2004

2004

2003

Cash flows:		
Operations:		
Deficiency of revenue over expenditure	\$(238,179)	(199,888)
Changes in:		
Due to Operating Fund	<u>238,179</u>	<u>148,502</u>
Net decrease in cash	-	(51,386)
Cash:		
Beginning	<u>215,917</u>	<u>267,303</u>
Ending	<u>\$ 215,917</u>	<u>215,917</u>

See accompanying notes

HEALTH LABRADOR CORPORATION

Notes to the Financial Statements

March 31, 2004

1. Nature of operations:

The Corporation manages and operates all health facilities, services and programs in Labrador, from Black Tickle north.

The Corporation manages and controls the operation of the following facilities:

Labrador Health Centre, Happy Valley-Goose Bay
Harry L. Paddon Memorial Home, Happy Valley-Goose Bay
Captain William Jackman Memorial Hospital, Labrador City

and all medical clinics, nursing stations, community health centres, facilities, programs and services in the geographic area.

The operations of the Corporation are primarily funded by the Government of Newfoundland and Labrador (the Government).

The Corporation is incorporated under the Hospitals Act of Newfoundland and Labrador.

2. Significant accounting policies:

Fund accounting:

The combined funds are reported in the consolidated financial statements.

Assets, liabilities, revenue and expenditure related to the delivery and administration of health services are reported in the Operating Fund.

Assets, liabilities, revenue and expenditure related to Board activities are reported in the Board Fund.

Revenue recognition:

The Corporation follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue, when received, or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions related to capital assets are deferred and amortized to revenue at the same rates which the related capital assets are amortized.

(Continued . . .)

HEALTH LABRADOR CORPORATION

Notes to the Financial Statements

March 31, 2004

2. Significant accounting policies (continued):

Inventories:

Inventories consist of medical, surgical, general supplies and pharmaceuticals.

Medical, surgical and general supplies are valued at the lower of cost, determined on an average cost basis, and net realizable value.

Drugs are valued at the lower of cost, determined on a first-in, first-out basis, and net realizable value.

Capital assets:

The Corporation has control over certain land, buildings and equipment, with the title resting with the Government and consequently these assets are not recorded under capital assets.

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution.

Capital assets are being amortized on a diminishing balance basis over their estimated useful lives at the following rates:

Land improvements	20%
Buildings	5%
Leasehold improvements	5%
Equipment and vehicles	20%
Artwork	0%

In addition, the Henry L. Paddon Memorial Home building is amortized at a rate equal to the annual principal reduction of the mortgage related to this property. This is in accordance with an operating agreement with Newfoundland and Labrador Housing Corporation.

3. Restricted cash:

Cash is restricted to fund the following items:

	2004		2003
	Operating Fund	Board Fund	Total
Deferred contributions - special purpose funds	\$ 923,971	-	923,971
Shushepishipan Group Home	469,983	-	469,983
Endowment	-	215,917	215,917
	<u>\$ 1,393,954</u>	<u>215,917</u>	<u>1,609,871</u>
			<u>1,286,382</u>

HEALTH LABRADOR CORPORATION

Notes to the Financial Statements

March 31, 2004

4. Capital assets:

	2004		2003	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 11,201	-	11,201	11,201
Land improvements	162,208	134,832	27,376	34,221
Buildings	10,301,888	5,003,160	5,298,728	5,820,027
Leasehold improvements	223,678	39,266	184,412	194,117
Equipment and vehicles	19,216,544	13,672,964	5,543,580	6,115,313
Artwork	195,714	-	195,714	195,714
	<u>\$ 30,111,233</u>	<u>18,850,222</u>	<u>11,261,011</u>	<u>12,370,593</u>

5. Bank indebtedness:

	2004	2003
Due to bank on current accounts	\$ -	611,246
Bank demand loan	<u>10,710,000</u>	<u>9,425,000</u>
	<u>\$ 10,710,000</u>	<u>10,036,246</u>

The Corporation has access to a \$14 million line of credit in the form of a revolving demand loan bearing interest at Royal Bank Prime. This loan has been approved by the Minister of Health and Community Services. In addition, this line of credit carries a Province of Newfoundland and Labrador guarantee for amounts between \$5 million and \$14 million, with the first \$5 million being unsecured.

6. Long-term debt:

	2004	2003
10%, Canada Mortgage and Housing Corporation mortgage on land and building of Harry L. Paddon Memorial Home; repayable \$11,245 monthly, interest included; maturing November, 2029	\$ 1,265,565	1,276,028
Less current portion	<u>11,536</u>	<u>10,463</u>
	<u>\$ 1,254,029</u>	<u>1,265,565</u>

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

2005	\$ 11,536
2006	12,718
2007	14,022
2008	15,459
2009	17,043

(Continued . . .)

HEALTH LABRADOR CORPORATION

Notes to the Financial Statements

March 31, 2004

6. Long-term debt (continued):

Interest subsidy:

The Corporation has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 27 of the National Housing Act. The purpose of the assistance is to reduce mortgage interest expense to 8% in order to enable the project to provide housing to low income individuals. The amount of assistance received in 2004 was \$25,205 (2003 - \$25,205).

7. Deferred contributions related to capital assets:

Deferred contributions related to capital assets represent contributions with which capital assets were originally purchased. The changes in the deferred contribution balance for the year are as follows:

	<u>2004</u>	<u>2003</u>
Balance, beginning	\$ 9,779,233	9,986,425
Add (deduct):		
Capital equipment grants	394,376	937,269
Donations for capital	192,073	532,709
Unamortized contributions on assets disposed	(299,269)	(73,884)
	<u>10,066,413</u>	<u>11,382,519</u>
Less amortization	<u>1,421,212</u>	<u>1,603,286</u>
Balance, ending	<u>\$ 8,645,201</u>	<u>9,779,233</u>

8. Investment in capital assets:

	<u>2004</u>	<u>2003</u>
Repayment of CMHC mortgage principal	\$ 10,463	9,490
Purchase of capital assets with unrestricted resources	<u>228,397</u>	<u>220,687</u>
	<u>\$ 238,860</u>	<u>230,177</u>

HEALTH LABRADOR CORPORATION

Notes to the Financial Statements

March 31, 2004

9. Other revenue:

	2004	2003
Special Child Welfare Allowance	\$ 169,381	-
Drug recoveries	1,321,706	1,282,735
Dental	130,853	158,803
Rentals	229,987	208,939
Mortgage interest subsidy (Note 6)	25,205	25,205
Unamortized contributions on assets disposed	299,269	73,884
Miscellaneous	665,980	451,045
	<u>2,842,381</u>	<u>2,200,611</u>
Board	65,113	66,986
	<u>\$ 2,907,494</u>	<u>2,267,597</u>

10. Air ambulance services - net:

	2004	2003
Revenue:		
Government operating grants	\$ 2,085,485	2,085,485
Other	<u>360,116</u>	<u>318,207</u>
	<u>2,445,601</u>	<u>2,403,692</u>
Expenditure:		
Salaries and benefits	507,454	425,108
Patient transportation - contract	1,714,271	1,571,423
- other	36,725	220,762
Other	<u>251,595</u>	<u>42,950</u>
	<u>2,510,045</u>	<u>2,260,243</u>
	<u>\$ (64,444)</u>	<u>143,449</u>

11. Lease commitments:

The Corporation, in the course of its operations, has entered into agreements for the rental of various health care delivery facilities, living accommodations, and for the lease of certain medical and office equipment. Most arrangements are provided on a year to year basis. Estimated annual lease obligations required in each of the next five fiscal years, for those arrangements extending beyond one year, are as follows:

2005	\$ 459,874
2006	398,127
2007	398,127
2008	389,627
2009	387,619

HEALTH LABRADOR CORPORATION

Notes to the Financial Statements

March 31, 2004

12. Contingencies:

As of March 31, 2004, there were a number of legal claims against the Board in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Board with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

**HERITAGE FOUNDATION OF
NEWFOUNDLAND AND LABRADOR
FINANCIAL STATEMENTS**

31 MARCH 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

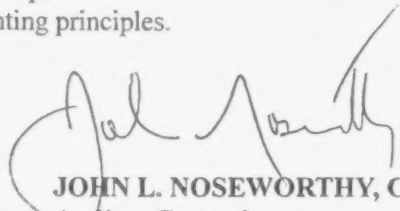
AUDITOR'S REPORT

To the Chairperson and Members
Heritage Foundation of
Newfoundland and Labrador
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Heritage Foundation of Newfoundland and Labrador as at 31 March 2004 and the statements of revenues, expenses and fund balance, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at 31 March 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.


JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
6 August 2004

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
BALANCE SHEET
31 March

2004

2003

ASSETS

Current

Cash	\$ 375,785	\$ 25,937
Investments, at cost (Note 2)	51,481	549,011
Accounts receivable	36,651	42,243
Investment income receivable	152	-
Prepaid expenses	315	978
	<u>464,384</u>	<u>618.169</u>

Capital assets (Note 3)

\$ 464,384 \$ 618.169

LIABILITIES AND FUND BALANCE

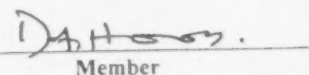
Current

Accounts payable and accrued liabilities	\$ 53,270	\$ 7,577
Deferred revenue (Note 4)	60,390	103,363
	<u>113,660</u>	<u>110,940</u>
Fund balance (Note 5)	350,724	507.229
	<u>\$ 464,384</u>	<u>\$ 618.169</u>

See accompanying notes

Signed on behalf of the Foundation:


Chairperson


Member

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF REVENUES, EXPENSES AND FUND BALANCE
For the Year Ended 31 March

2004

2003

	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
REVENUES			
Government of Canada (Note 6)	\$ 118,194	\$ -	\$ 2,643
Canada-Newfoundland Comprehensive Economic Development Agreement	88,209	-	36,743
Province of Newfoundland and Labrador (Note 4)	81,506	-	247,591
Investment income	12,284	-	22,104
Miscellaneous	10,472	-	2,273
	<u>310,665</u>	<u>-</u>	<u>311,354</u>
EXPENSES			
Board travel and meetings	4,623	18,000	9,413
Easement registration	828	800	379
Fisheries heritage grants	88,209	34,500	36,756
Heritage grants	112,165	100,000	70,702
Historic places initiative	35,057	-	2,643
Inventory of historical structures	-	-	61
Miscellaneous	12,309	4,500	5,215
Office furniture and equipment	-	1,000	873
Office supplies	3,793	6,000	4,421
Plaquing	3,600	4,500	7,881
Professional fees	1,693	3,500	7,308
Public relations	1,666	1,000	1,910
Salaries and benefits	184,481	151,000	145,824
Special projects	12,301	8,500	5,421
Telephone	3,960	3,500	3,265
Travel	2,485	8,500	9,282
	<u>467,170</u>	<u>345,300</u>	<u>311,354</u>
Excess of expenses over revenues	(156,505)	(345,300)	-
Fund balance, beginning of year	507,229	507,229	507,229
Fund balance, end of year	\$ 350,724	\$ 161,929	\$ 507,229

See accompanying notes

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF CASH FLOWS
For the Year Ended 31 March

2004

2003

Cash flows from operating activities

Excess of expenses over revenues	\$ (156,505)	\$ -
Changes in non-cash working capital		
Accounts receivable	5,592	(37,404)
Investment income receivable	(152)	11,660
Prepaid expenses	663	(232)
Accounts payable and accrued liabilities	45,693	(5,333)
Deferred revenue	(42,973)	(215,734)
	(147,682)	(247,043)

Cash flows from investing activities

Purchase of capital assets from capital contributions	(187,663)	-
---	-----------	---

Cash flows from financing activities

Contribution from Government of Canada to purchase capital assets	187,663	-
--	---------	---

Net decrease in cash and cash equivalents	(147,682)	(247,043)
---	-----------	-----------

Cash and cash equivalents, beginning of year	574,948	821,991
--	---------	---------

Cash and cash equivalents, end of year	\$ 427,266	\$ 574,948
--	------------	------------

Cash and cash equivalents include:

Cash	\$ 375,785	\$ 25,937
Investments	51,481	549,011
	\$ 427,266	\$ 574,948

See accompanying notes

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 March 2004

Authority

The Heritage Foundation of Newfoundland and Labrador (the Foundation) operates under the authority of the *Historic Resources Act*. Its affairs are managed by members of the Foundation appointed by the Lieutenant-Governor in Council.

The objectives of the Foundation are:

- (a) to stimulate an understanding of and appreciation for the architectural heritage of the Province;
- (b) to support and contribute to the preservation, maintenance and restoration of buildings and other structures of architectural or historical significance in the Province; and
- (c) to contribute to the increase and diffusion of knowledge about the architectural heritage of the Province.

1. Significant accounting policies

These financial statements have been prepared by the Foundation's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Capital assets

Capital assets consist of systems development and computer equipment which were capitalized at cost at the time of acquisition. Contributions toward the acquisition of capital assets are deducted from the related capital asset cost with any amortization calculated on the net amount over a period of five years from the date of acquisition.

Minor capital asset purchases are charged to operations in the year of acquisition.

(b) Investment income

Investment income is recorded on a straight line basis over the term of the investments.

2. Investments

	2004		2003
	Cost	Market Value	Cost
Scotia Money Market Fund	\$ 51,481	\$ 51,499	\$ 549,011

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 March 2004

3. Capital assets

	2004			2003	
	Cost	Capital Contributions	Accumulated Amortization	Net Book Value	Net Book Value
Systems development	\$ 159,980	\$ 159,980	\$ -	\$ -	\$ -
Computer equipment	27,683	27,683	-	-	-
	\$ 187,663	\$ 187,663	\$ -	\$ -	\$ -

4. Deferred revenue

The deferred revenue as at 31 March 2003 was comprised of operating grants received from the Province of Newfoundland and Labrador to help defray future operating expenditures. It was also comprised of funding received under the Historic Places Initiative Agreement between the Province and the Government of Canada that was received prior to the year end but not disbursed for its intended purpose. During 2003-04, eligible expenditures were incurred and the deferred revenue was recognized in income by the Foundation.

The deferred revenue as at 31 March 2004 consists of funding received under the Canada-Newfoundland Comprehensive Economic Development Agreement. The purpose of the funding is to undertake a *Fisheries Heritage Preservation Initiative* focussing on the preservation and conservation of structures and buildings relating to the fisheries heritage of the Province. An amount of \$60,390 was received prior to the year end which has not been disbursed for its intended purpose. The revenue will be recognized in future operating periods as eligible expenditures are incurred.

	2004	2003
Balance, beginning of year	\$ 103,363	\$ 319,097
Contribution from Historic Places Initiative	-	21,857
Contribution from Province of Newfoundland and Labrador	-	10,000
Contribution from Fisheries Heritage Preservation Initiative	60,390	-
Less: Operating grant recognized in income during year	(81,506)	(247,591)
Contribution to Historic Places Initiative recognized in income during year	(21,857)	-
Balance, end of year	\$ -60,390	\$ 103,363

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 March 2004

5. Fund balance

Section 25 of the *Historic Resources Act* requires the Foundation to maintain a Fund of monies voted to it by the Legislature and of other monies received by way of gift, bequest, donation or otherwise. Disbursements from the Fund may be made by the Foundation for the purposes set out in the Legislation.

As at 31 March 2004, \$144,983 (2003 - \$346,703) of this Fund has been committed in the form of grants approved but not yet disbursed or rescinded. The allocation between committed and uncommitted funds is:

	2004	2003
Committed funds	\$ 144,983	\$ 346,703
Uncommitted funds	205,741	160,526
	\$ 350,724	\$ 507,229

In 1994-95, the Foundation adopted a policy with respect to grant commitments. All grants approved will be available for a period of two years from the date of grant approval. Clients not utilizing the grants within this timeframe will forfeit their right to these grants.

6. Government of Canada

On 4 April 2003, the Province entered into a Contribution Agreement with the Government of Canada to fund the Historic Places Initiative. The objectives of the Contribution Agreement are to develop an online Provincial Registry of Historic Places and to develop and implement programs related to promoting and integrating the Historic Places Initiative at the Provincial level in Newfoundland and Labrador.

The Province has appointed the Foundation to administer this Initiative on its behalf. During the year the Foundation recognized revenue relating to this Initiative in the amount of \$118,194 (2003 - \$2,643), which consisted of \$96,337 received during the year and \$21,857 that had been included in deferred revenue in 2002-03. In addition, the Foundation received capital contributions in the amount of \$187,663 relating to this Initiative that was applied towards the acquisition costs of systems development and computer equipment.

7. Operating lease obligation

Office equipment has been leased by the Foundation. Minimum lease payments for the next three years are as follows:

2005	\$2,014
2006	\$1,217
2007	\$ 420

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 March 2004

8. Related party transactions

The Foundation leases office space from the Province of Newfoundland and Labrador at an annual rate of \$1.

9. Financial instruments

The Foundation's financial instruments recognized in the Balance Sheet consist of cash, investments, accounts receivable, investment income receivable, and accounts payable and accrued liabilities, the carrying values of which approximate fair market value due to the normal trade credit terms and conditions of these instruments. Accounts receivable is due from the Government of Canada and therefore there is no credit risk associated with this amount.

10. Economic dependence

As a result of its reliance on future transfers from the Province of Newfoundland and Labrador to fund its operations, the Foundation's ability to continue such operations is dependent upon the decisions of Government.

11. Income taxes

The Foundation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

12. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

HOTEL BUILDINGS LIMITED

FINANCIAL STATEMENTS

31 MARCH 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Chairperson and Members
Hotel Buildings Limited
St. John's, Newfoundland and Labrador

I have audited the balance sheet of Hotel Buildings Limited as at 31 March 2004 and the statement of income, expenses and retained earnings for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read "John L. Noseworthy".

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
10 June 2004

HOTEL BUILDINGS LIMITED
BALANCE SHEET
31 March

2004

2003

ASSETS

Current

Cash	\$ 90,035	\$ 109,864
Accounts receivable	137	231

\$ 90,172 \$ 110,095

LIABILITIES AND SHAREHOLDERS' EQUITY

Current

Accounts payable and accrued liabilities	\$ 1,140	\$ 800
--	----------	--------

Shareholders' equity

Share capital

Authorized

100 common shares of no par value

Issued and fully paid

3 common shares

3,000 3,000

Retained earnings

86,032 106,295

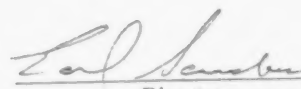
89,032 109,295

\$ 90,172 \$ 110,095

See accompanying notes

Signed on behalf of the Board:


 Chairperson


 Director

HOTEL BUILDINGS LIMITED**STATEMENT OF INCOME, EXPENSES AND RETAINED EARNINGS**

For the Year Ended 31 March

2004

2003

INCOME

Interest income	\$	2,300	\$	1,611
Property tax recovery		-		2,198
		2,300		3,809

EXPENSES

Payroll and termination (Note 3)		18,000		-
Professional services		4,483		11,725
Bank charges		80		-
Property tax		-		974
		22,563		12,699
Loss for the year		(20,263)		(8,890)
Gain on sale of land		-		53,312
Forgiveness of debt (Note 2)		-		26,044,202
Net income (loss)		(20,263)		26,088,624
Retained earnings (deficit), beginning of year		106,295		(25,982,329)
Retained earnings, end of year	\$	86,032	\$	106,295

See accompanying notes

HOTEL BUILDINGS LIMITED
NOTES TO FINANCIAL STATEMENTS
31 March 2004

Authority

Hotel Buildings Limited (the Corporation) was incorporated on 18 March 1966 under the *Corporations Act* of the Province of Newfoundland and Labrador for the purpose of financing the construction of various hotels throughout the Province. The affairs of the Corporation are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. All Board members are full-time employees of the Province of Newfoundland and Labrador.

1. Significant accounting policies

These financial statements have been prepared by the Corporation in accordance with Canadian generally accepted accounting principles.

2. Due to the Province of Newfoundland and Labrador

On 30 January 2003, the Province approved the write-off of the Corporation's debt of \$26,044,202

3. Settlement of claims

On 20 September 1996, the Corporation was notified that a claim had been filed by several former employees of the Hotel Port aux Basques. The claim was against Atlific (Nfld.) Limited, First Defendant, Hotel Buildings Limited, Second Defendant, and Hotel Port aux Basques Limited, Third Defendant. The Plaintiffs claimed that they were unjustly dismissed by Atlific on 21 March 1996 and by Hotel Port aux Basques Limited on 15 April 1996.

During the year, this claim was settled and final releases have been issued to the Corporation. Costs incurred by the Corporation in the current year include \$18,000 paid to the former employees as well as \$3,193 for legal costs.

4. Related party transactions

The Corporation is administered by employees of the Department of Finance, with support, where necessary, from other Provincial Government departments. Certain costs of administration are incurred and paid directly by the departments and are not reflected in these financial statements.

5. Financial instruments

The Corporation's financial instruments recognized in the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities, the carrying values of which approximate fair value due to the short-term maturity associated with these instruments.

HOTEL BUILDINGS LIMITED
NOTES TO FINANCIAL STATEMENTS
31 March 2004

6. Dissolution

On 18 December 1995, the Corporation disposed of its hotel properties located at St. John's, Clarenville, Gander and Corner Brook, and on 22 March 1996 disposed of Hotel Port aux Basques. The Corporation's activities have been minimal since that time.

On 12 November 2002, the Corporation disposed of the last parcel of vacant land located in Clarenville.

On 19 April 2004, the Lieutenant-Governor in Council authorized the Board of Directors to dissolve the Corporation at an appropriate time, in accordance with requirements under the *Corporations Act*. The dissolution is conditional upon completion of a final audit with the balance of any available funds, subsequent to the payment of any related costs, to be remitted to the Province. The Board of Directors has commenced dissolution of the Corporation in accordance with these provisions, with an intended completion date of 30 June 2004.

7. Income taxes

The entity is a Crown corporation of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

Household Hazardous Waste Program

Financial Statements

March 31, 2004

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the **Multi-Materials Stewardship Board**

We have audited the statement of financial position of the **Household Hazardous Waste Program** as at March 31, 2004, and the statements of operations and changes in net deficiency and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Household Hazardous Waste Program as at March 31, 2004, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
May 21, 2004

Grant Thornton LLP
Chartered Accountants

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Household Hazardous Waste Program Statements of Operations and Changes in Net Deficiency

Year Ended March 31

2004

2003

Revenue

Waste Management Trust Fund		\$ 150,000
Municipalities	\$ 65,408	61,106
Environment Canada	34,377	35,000
Interest	881	416
	<u>100,666</u>	<u>246,522</u>

Expenses

Contract services	164,392	100,956
Marketing and promotion	53,890	20,253
Wages	-	4,689
Professional fees	1,000	1,000
Telecommunications	-	572
Materials and supplies	160	224
Meetings	59	27
	<u>219,501</u>	<u>127,721</u>

Excess of (expenses over revenue) revenue over expenses	\$ (118,835)	\$ 118,801
---	--------------	------------

Net assets, beginning of year	\$ 118,801	
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Excess of (expenses over revenue) revenue over expenses	(118,835)	\$ 118,801
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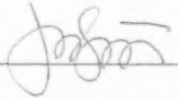
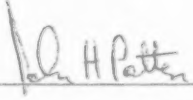
Net (deficiency) assets, end of year	\$ (34)	\$ 118,801
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See accompanying notes to the financial statements.

Household Hazardous Waste Program Statement of Financial Position

March 31	2004	2003
Assets		
Current		
Cash and cash equivalents	\$ 10,372	\$ 113,941
Receivables	<u>29,794</u>	<u>82,878</u>
	<u>\$ 40,166</u>	<u>\$ 196,819</u>
Liabilities		
Current		
Payables and accruals	\$ 40,200	\$ 1,000
Performance bond payable	-	11,610
Deferred revenue	<u>-</u>	<u>65,408</u>
	40,200	78,018
Net (Deficiency) Assets		
Unrestricted net (deficiency) assets	<u>(34)</u>	<u>118,801</u>
	<u>\$ 40,166</u>	<u>\$ 196,819</u>

On behalf of the Board


 _____ Chairperson
 
 _____ Director

See accompanying notes to the financial statements.

Household Hazardous Waste Program

Statement of Cash Flows

Year Ended March 31

2004

2003

Increase (decrease) in cash and cash equivalents

Operating

Excess of (expenses over revenue)
revenue over expenses

\$ (118,835) \$ 118,801

Change in non-cash operating working capital

Receivables

53,084 (82,878)

Payables and accruals

39,200 1,000

Performance bond payable

(11,610) 11,610

Deferred revenue

(65,408) 65,408

Net (decrease) increase in cash and cash equivalents

(103,569) 113,941

Cash and cash equivalents

Beginning of year

113,941 -

End of year

\$ 10,372 \$ 113,941

See accompanying notes to the financial statements.

-457-

Grant Thornton

Household Hazardous Waste Program

Notes to the Financial Statements

March 31, 2004

1. Nature of operations

The Household Hazardous Waste Program is a project implemented by the Multi-Materials Stewardship Board. A Household Hazardous Waste subcommittee has been established to oversee the Program for participating municipalities.

The Program, which was a two year project, was completed during the year.

2. Significant accounting policies

Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term investments with original maturities of three months or less.

3. Related party transactions

- a) Included in receivables at March 31, 2004 is an amount due from the Multi-Materials Stewardship Board of \$Nil (2003 - \$28,573).
 - b) Included in payables and accruals at March 31, 2004 is an amount due to the Multi-Materials Stewardship Board of \$27,699 (2003 - \$Nil).
-

4. Subsequent event

The provincial government of Newfoundland and Labrador approved an extension of the Household Hazardous Waste Program to continue operations for two years to March 31, 2006.

5. Financial instruments

Fair values of financial instruments are disclosed in the notes to the financial statements when they differ from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their fair values.

LABRADOR SCHOOL BOARD

AUDITORS' REPORT
AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2003

WALTER P. MILLER & COMPANY

Chartered Accountants



**WALTER P. MILLER
& CO.** CHARTERED ACCOUNTANTS

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108 LeMarchant Road
St. John's, NL A1B 3N9
Telephone: 709-579-2161
Facsimile: 709-738-2391
www.walterpmiller.com

Partners

Stephen Belanger, B.Comm., F.C.A.
Boyde Clarke, B.Comm., C.A.
Peter Miller, B.Comm., C.A.

Principal

Raymond White, C.G.A.

AUDITORS' REPORT

To the Members of the **Labrador School Board**

We have audited the balance sheet of the current and capital funds of the **Labrador School Board** as at June 30, 2003, and the statements of current revenues, expenditures and Board equity (deficit), and changes in capital fund for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2003, and the results of its operations and changes in its capital financial position for the year then ended in accordance with Canadian generally accepted accounting principles as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

Walter P. Miller & Company
CHARTERED ACCOUNTANTS

St. John's, Newfoundland and Labrador
August 1, 2003

**LABRADOR SCHOOL BOARD
BALANCE SHEET
AS AT JUNE 30, 2003**

	<u>2003</u> \$	<u>2002</u> \$
<u>ASSETS</u>		
Current		
Accounts receivable (Note 2)	5,777,179	4,941,535
Prepaid expenses (Schedule 9)	<u>21,782</u>	<u>38,970</u>
Total Current Assets	<u>5,798,961</u>	<u>4,980,505</u>
Property and equipment (Schedule 7)	<u>42,474,542</u>	<u>42,376,652</u>
Total Assets	<u>48,273,503</u>	<u>47,357,157</u>

LIABILITIES AND BOARD EQUITY

Current liabilities		
Bank indebtedness (Note 3)	789,975	1,028,031
Accounts, payable and accrued (Notes 4 and 6)	4,621,817	3,637,761
Current maturities (Schedule 8)	<u>219,655</u>	<u>216,068</u>
Total Current Liabilities	<u>5,631,447</u>	<u>4,881,860</u>
Accrued severance pay	<u>5,911,997</u>	<u>5,491,003</u>
Long-term debt (Schedule 8 and Note 7)	<u>1,681,254</u>	<u>2,023,385</u>
Contingent liability (Note 6)		
Investment in capital assets (Note 5)	41,836,473	41,491,356
Restricted fund - Labrador West School Committee (Note 10)	169,574	106,595
Board deficit	<u>(6,957,242)</u>	<u>(6,637,042)</u>
	<u>35,048,805</u>	<u>34,960,909</u>
	<u>48,273,503</u>	<u>47,357,157</u>

Approved:

Chairman

Treasurer

LABRADOR SCHOOL BOARD
STATEMENT OF CURRENT REVENUES, EXPENDITURES
AND BOARD EQUITY (DEFICIT)
FOR THE YEAR ENDED JUNE 30, 2003

	<u>2003</u>	<u>2002</u>
	\$	\$
Income		
Provincial Government Grants (Schedule 1)	36,208,868	31,933,615
Ancillary Services (Schedule 1)	194,622	185,727
Miscellaneous (Schedule 1)	<u>3,957,911</u>	<u>3,443,417</u>
	<u>40,361,401</u>	<u>35,562,759</u>
Current Expenditures		
Administration (Schedule 2)	1,407,615	1,460,713
Instruction (Schedule 3)	32,307,731	28,552,741
Operations and maintenance (Schedule 4)	4,103,169	3,844,287
Pupil transportation (Schedule 5)	1,998,177	1,566,862
Ancillary services (Schedule 6)	226,989	263,151
Debt charges (Schedule 8B)	<u>6,146</u>	<u>19,946</u>
	<u>40,049,827</u>	<u>35,707,700</u>
Excess (deficiency) of revenue over expenditure before transfer to capital and severance pay accrual adjustments	311,574	(144,941)
Transfer to capital	<u>(345,117)</u>	<u>(66,550)</u>
Deficiency of revenue over expenditure before severance pay accrual adjustments	(33,543)	(211,491)
Severance pay accrual adjustments		
Non-teaching	(70,459)	(96,670)
Teaching	<u>(435,253)</u>	<u>156,041</u>
Deficiency of revenue over expenditure for year	(539,255)	(152,120)
Board deficit, beginning		
As previously recorded	6,637,042	6,563,570
Deficit adjustments (Note 9)	<u>(219,055)</u>	<u>(78,648)</u>
	<u>6,417,987</u>	<u>6,484,922</u>
Board deficit, ending	<u><u>6,957,242</u></u>	<u><u>6,637,042</u></u>

LABRADOR SCHOOL BOARD
STATEMENT OF CHANGES IN CAPITAL FUND
FOR THE YEAR ENDED JUNE 30, 2003

	<u>2003</u> \$	<u>2002</u> \$
Capital Receipts		
Bank loan	<u>-</u>	<u>633,647</u>
Grants		
School construction and equipment	<u>-</u>	<u>-</u>
Capital expenditure from revenue	<u>-</u>	<u>7,239</u>
Miscellaneous	<u>-</u>	<u>51,766</u>
Transfer from current fund	<u>345,117</u>	<u>66,550</u>
Total Capital Receipts	<u><u>345,117</u></u>	<u><u>759,202</u></u>
Capital Disbursements		
Additions to Property, Equipment and Buildings (Schedule 7)	<u>97,890</u>	<u>557,239</u>
Principal repayment of loans	<u>247,227</u>	<u>201,963</u>
Total Capital Disbursements	<u><u>345,117</u></u>	<u><u>759,202</u></u>

LABRADOR SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

1. Significant Accounting Policies

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self-balancing group of accounts is provided for each fund". It is customary for School Boards to account separately for the current and capital funds. A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting, is as follows:

- (A) Grants received by the Board are recorded in either the current or capital funds, depending on their source.
- (B) Capital asset additions are recorded as full cost on the balance sheet. Capital asset disposals are recorded at original cost as a reduction in the capital asset and investments in capital assets accounts. Proceeds from disposals are treated as capital receipts.
- (C) The Board does not calculate or record amortization on any of its capital assets.
- (D) All capital expenditures financed out of current revenue funds are recorded as expenditures in the current account.
- (E) Principal repayments of bank loans are recorded as Capital Expenditures.

2. Accounts Receivable

	<u>2003</u>	<u>2002</u>
	\$	\$
Current		
Federal Government	109,858	146,886
Provincial Government	5,337,272	4,692,237
Travel advances and miscellaneous	<u>330,049</u>	<u>102,412</u>
	<u>5,777,179</u>	<u>4,941,535</u>

LABRADOR SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2003

3. Bank Indebtedness

Bank overdraft is comprised of a current account overdraft of \$219,975 (2002 - \$328,031) and an operating line of \$570,000 (2002 - \$700,000) which bears interest at a rate of prime minus 0.5% and is secured by a guarantee of the Department of Education.

4. Accounts Payable and Accrued Liabilities

	<u>2003</u>	<u>2002</u>
	\$	\$
Current (Note 6)		
Trade payables	347,031	217,962
Accrued liabilities	3,835,466	3,002,201
Deferred revenue	300,943	284,700
Other	138,377	132,898
	<u>4,621,817</u>	<u>3,637,761</u>

5. Investment in Capital Assets

	<u>2003</u>	<u>2002</u>
	\$	\$
Investment in capital assets, beginning of year	41,491,356	41,424,806
Add: Transfer from current fund	<u>345,117</u>	<u>66,550</u>
Investment in capital assets, end of year	<u>41,836,473</u>	<u>41,491,356</u>

LABRADOR SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

6. Contingent Liability

The Lavers Inquiry is currently investigating allegations of abuse at schools formerly run by churches in certain parts of Labrador. The possibility or magnitude of any resulting liability arising to the Board is not known.

There presently exists an undetermined contingent liability which has arisen concerning a dispute between the Roman Catholic Diocese of Labrador City/Schefferville and the Labrador School Board over ownership of rental monies derived from Notre Dame Academy.

7. Long-term Debt

Principal payments required to meet debt retirement provisions during the next five years are as follows:

	\$
2004	219,655
2005	219,655
2006	198,283
2007	183,795
2008	177,052

8. Other Matters

Effective January 1, 1997, the Labrador School Board was formed through the amalgamation of the Labrador West Integrated School Board, the Labrador East Integrated School Board and the Roman Catholic School Board for Labrador.

The amalgamation was accounted for using the pooling of interests method, whereby the assets and liabilities of each School Board were combined to become the assets of the new Labrador School Board. The amalgamated balance sheet at January 1, 1997 was comprised as follows:

LABRADOR SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

8. Other Matters (Continued)

	Roman Catholic School Board for Labrador \$	Labrador West Integrated School Board \$	Labrador East Integrated School Board \$	Labrador School Board \$
<u>ASSETS</u>				
Current				
Cash	252,709	-	-	65,308
Accounts receivable	686,889	415,107	151,123	1,253,119
Prepaid expenses	-	-	144,550	144,550
	<u>939,598</u>	<u>415,107</u>	<u>295,673</u>	<u>1,462,977</u>
Capital assets	<u>12,056,165</u>	<u>9,598,988</u>	<u>18,320,689</u>	<u>39,975,842</u>
	<u><u>12,995,763</u></u>	<u><u>10,014,095</u></u>	<u><u>18,616,362</u></u>	<u><u>41,438,819</u></u>
<u>LIABILITIES</u>				
Current				
Bank indebtedness	-	80,912	106,489	-
Accounts payable	688,510	329,901	289,858	1,308,269
Current portion of long-term debt	<u>21,440</u>	<u>8,334</u>	<u>19,000</u>	<u>48,774</u>
	<u>709,950</u>	<u>419,147</u>	<u>415,347</u>	<u>1,357,043</u>
Accrued severance pay	<u>254,874</u>	<u>278,568</u>	<u>125,547</u>	<u>658,989</u>
Long-term debt	<u>99,176</u>	<u>6,250</u>	<u>379,699</u>	<u>485,125</u>
	<u><u>1,064,000</u></u>	<u><u>703,965</u></u>	<u><u>920,593</u></u>	<u><u>2,501,157</u></u>
<u>EQUITY</u>				
Deficit	(3,786)	(274,274)	(226,221)	(504,281)
Investment in capital assets	<u>11,935,549</u>	<u>9,584,404</u>	<u>17,921,990</u>	<u>39,441,943</u>
	<u>11,931,763</u>	<u>9,310,130</u>	<u>17,695,769</u>	<u>38,937,662</u>
	<u><u>12,995,763</u></u>	<u><u>10,014,095</u></u>	<u><u>18,616,362</u></u>	<u><u>41,438,819</u></u>

LABRADOR SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2003

9. Deficit Adjustments

	<u>2003</u>	<u>2002</u>
	\$	\$
Prior year rebates from Newfoundland Hydro	(159,055)	-
Damages received from Nolan, Davis & Associates Limited	(60,000)	-
Miscellaneous adjustment	-	1,215
Grant received to offset 2000-2001 transportation deficit	<u>-</u>	<u>(79,863)</u>
Decrease in deficit	<u>(219,055)</u>	<u>(78,648)</u>

10. Restricted Surplus

Restricted surplus represents unexpended funding received during the year for the benefit of the Labrador West School Committee. The available funds must be expended in Labrador West.

SCHEDULE 1

LABRADOR SCHOOL BOARD
CURRENT REVENUES
FOR THE YEAR ENDED JUNE 30, 2003

	<u>2003</u> \$	<u>2002</u> \$
Current Revenues		
Provincial Government Grants		
Operating	5,912,325	5,357,319
Salaries and benefits		
Director of Education and two assistant directors	304,344	305,580
Teaching staff	28,305,131	24,728,533
Pupil transportation	<u>1,687,068</u>	<u>1,542,183</u>
	<u>36,208,868</u>	<u>31,933,615</u>
Ancillary Services		
Revenues from rental of properties	<u>194,622</u>	<u>185,727</u>
Miscellaneous		
Interest on investments	7,720	3,620
Mining company grant	1,430,000	1,430,000
Operating revenues from Native Peoples Grant	2,412,951	1,938,761
Sundry revenue	79,940	46,281
Francophone Programs	<u>27,300</u>	<u>24,755</u>
	<u>3,957,911</u>	<u>3,443,417</u>
Total Current Revenues	<u><u>40,361,401</u></u>	<u><u>35,562,759</u></u>

SCHEDULE 2

LABRADOR SCHOOL BOARD
ADMINISTRATION EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2003

	<u>2003</u>	<u>2002</u>
	\$	\$
Salaries and Benefits		
Director of Education and two assistant directors	352,432	360,494
Board office personnel	722,384	650,609
Office supplies	16,948	23,781
Replacement furniture and equipment	8,265	9,725
Postage	5,759	16,405
Telephone and cable	21,712	53,255
Office equipment rentals and repairs	15,682	41,387
Electricity	4,945	6,281
Insurance	5,960	2,087
Travel	92,292	76,137
Board meeting expenses	70,714	54,138
Professional fees	25,343	59,491
Advertising	31,034	65,867
Membership dues	26,769	26,779
Municipal service fees	1,050	525
Miscellaneous	4,127	8,577
Payroll tax	10,200	11,533
Relocation expenses	1,095	-
Repairs and maintenance	840	1,709
Less: Severance pay adjustment - Board office personnel	(9,936)	(8,067)
	<u>1,407,615</u>	<u>1,460,713</u>
Total Administration Expenditures		

SCHEDULE 3

LABRADOR SCHOOL BOARD
INSTRUCTION EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2003

	<u>2003</u>	<u>2002</u>
	\$	\$
Instructional salaries (gross)		
Teachers' salaries - Regular	23,654,056	21,465,401
- Substitute	735,163	622,097
- Board paid	2,231	41,149
- Benefits	3,975,872	2,138,412
Student assistants - Regular	563,183	565,675
Augmentation payments	534,547	562,073
School secretaries - Salaries and benefits	747,704	591,045
Payroll tax	22,917	22,931
Other instructional salaries and benefits	853,879	847,204
Add (Less): Severance pay adjustment - Teachers	(435,253)	156,041
Less: Severance pay adjustment - School secretaries	(7,088)	(12,949)
Less: Severance pay adjustment - Other instructional staff	(10,629)	(20,449)
	<u>30,636,582</u>	<u>26,978,630</u>
Instructional materials		
General supplies	353,502	235,929
Library resource materials	9,568	12,898
Teaching aids	74,256	76,498
Labrador West funds	252,876	224,308
Grenfell Library Program	-	74
Other	403,777	465,870
	<u>1,093,979</u>	<u>1,015,577</u>
Instructional furniture and equipment		
Replacement	46,551	37,204
Rentals and repairs	154,197	151,941
	<u>200,748</u>	<u>189,145</u>
Instructional staff travel		
Program co-ordinators	94,966	104,775
Teachers' travel	84,829	59,832
Students' travel	15,390	39,025
Inservice and conferences	156,222	138,435
	<u>351,407</u>	<u>342,067</u>
Other instructional		
Postage	2,988	5,516
Francophone Board funds	22,027	21,806
	<u>25,015</u>	<u>27,322</u>
Total Instruction Expenditures	<u>32,307,731</u>	<u>28,552,741</u>

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See accompanying notes to financial statements.

WALTER P. MILLER & COMPANY

SCHEDULE 4

LABRADOR SCHOOL BOARD
OPERATIONS AND MAINTENANCE EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2003

	<u>2003</u> \$	<u>2002</u> \$
Salaries and benefits		
Janitorial	1,270,627	1,116,824
Maintenance	545,489	400,383
Computer technologists	289,803	241,629
Payroll tax	25,466	21,551
Electricity	381,347	403,074
Fuel	478,143	414,696
Municipal service fees	42,891	33,445
Telephone	125,655	123,613
Telephone - Distance Education	-	12,424
Vehicle operating and travel	51,319	52,817
Janitorial supplies	93,488	118,332
Repairs and maintenance		
Buildings	387,625	437,929
Equipment	34,116	6,942
Contracted services		
Janitorial	183,984	174,469
Snow clearing	83,214	93,334
Mechanical, water and sewer	136,486	211,116
Less: Severance pay adjustment - Janitorial staff	(20,714)	(14,306)
Less: Severance pay adjustment - Maintenance staff	(5,770)	(3,985)
 Total Operation and Maintenance Expenditures	 <u>4,103,169</u>	 <u>3,844,287</u>

SCHEDULE 5

LABRADOR SCHOOL BOARD
PUPIL TRANSPORTATION EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2003

	<u>2003</u>	<u>2002</u>
	\$	\$
Contracted Services		
Handicapped	59,937	56,168
Salaries and benefits	1,412,716	1,102,416
Debt charges - interest	58,293	59,272
Gas and oil	206,015	148,734
Repairs and maintenance	199,939	162,911
Office operation	77,599	72,759
Miscellaneous	-	1,516
Less: Severance pay adjustment - Transportation staff	<u>(16,322)</u>	<u>(36,914)</u>
	<u>1,998,177</u>	<u>1,566,862</u>

SCHEDULE 6

LABRADOR SCHOOL BOARD
ANCILLARY SERVICES
FOR THE YEAR ENDED JUNE 30, 2003

	<u>2003</u>	<u>2002</u>
	\$	\$
Cost of Ancillary Services		
Operation of teachers' residences	<u>226,989</u>	<u>263,151</u>

SCHEDULE 7

LABRADOR SCHOOL BOARD
DETAILS OF PROPERTY AND EQUIPMENT
FOR THE YEAR ENDED JUNE 30, 2003

	Balance 2002 \$	Additions \$	Disposals \$	Balance 2003 \$
Land and sites	<u>173,221</u>	<u>-</u>	<u>-</u>	<u>173,221</u>
Buildings				
School buildings	35,181,620	-	-	35,181,620
Administration buildings	212,807	-	-	212,807
Residential buildings	2,310,848	97,890	-	2,408,738
Other - maintenance	263,899	-	-	263,899
	<u>37,969,174</u>	<u>97,890</u>	<u>-</u>	<u>38,067,064</u>
Furniture and equipment	<u>2,852,466</u>	<u>-</u>	<u>-</u>	<u>2,852,466</u>
Vehicles				
Buses	1,292,406	-	-	1,292,406
Service vehicles	89,385	-	-	89,385
	<u>1,381,791</u>	<u>-</u>	<u>-</u>	<u>1,381,791</u>
Total Property and Equipment	<u>42,376,652</u>	<u>97,890</u>	<u>-</u>	<u>42,474,542</u>

**LABRADOR SCHOOL BOARD
DETAILS OF LONG-TERM DEBT
FOR THE YEAR ENDED JUNE 30, 2003**

	<u>2003</u> \$	<u>2002</u> \$
Bank of Nova Scotia		
The loan, with an original principal balance of \$393,729, is repayable in monthly installments of \$2,988 plus interest at a rate of prime less .25%.	86,209	214,429
The loan, with an original principal balance of \$473,315, is repayable in monthly installments of \$3,287 plus interest at a rate of prime less .25%.	305,683	345,126
The loan, with an original principal balance of \$47,000, is repayable in monthly installments of \$196 plus interest at a rate of prime less .25%.	37,992	40,326
The loan, with an original principal balance of \$6,400, is repayable in monthly installments of \$178 plus interest at a rate of prime less .25%.	-	372
The loan, with an original principal balance of \$442,725, is repayable in monthly installments of \$3,137 plus interest at a rate of prime less .25%.	304,694	342,339
The loan, with an original principal balance of \$127,540, is repayable in monthly installments of \$625 plus interest at a rate of prime less .25%.	-	88,790
The loan, with an original principal balance of \$372,760, is repayable in monthly installments of \$2,689 plus interest at a rate of prime less .25%.	275,970	308,233
The loan, with an original principal balance of \$312,759, is repayable in monthly installments of \$2,172 plus interest at a rate of prime less .25%.	258,461	284,524
The loan, with an original principal balance of \$550,000, is repayable in monthly installments of \$2,292 plus interest at a rate of prime less .25%.	504,167	531,667
The loan, with an original principal balance of \$83,647, is repayable in monthly installments of \$581 plus interest at a rate of prime less .25%.	76,676	83,647
The loan, with an original principal balance of \$57,800, is repayable in monthly installments of \$963 plus interest at a rate of prime less .25%.	51,057	-
The above loans are secured by a guarantee of the Department of Education.		
Long-term debt	1,900,909	2,239,453
Less: Current portion	219,655	216,068
Total long-term debt, net of current portion	<u>1,681,254</u>	<u>2,023,385</u>

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See accompanying notes to financial statements.

SCHEDULE 8A

LABRADOR SCHOOL BOARD
SCHEDULE OF LONG-TERM DEBT
 FOR THE YEAR ENDED JUNE 30, 2003

	<u>Reference Number</u>	<u>Rate</u>	<u>Balance, Beginning of Year</u> \$	<u>Loans Obtained During Year</u> \$	<u>Principal Repayment for Year</u> \$	<u>Balance, End of Year</u> \$
Building Construction	1	Prime - 0.25%	214,429	-	128,220	86,209
Bus Acquisition	2	Prime - 0.25%	345,126	-	39,443	305,683
Bus Acquisition	3	Prime - 0.25%	308,233	-	32,263	275,970
Building Construction	4	Prime - 0.25%	40,326	-	2,334	37,992
Building Construction	5	Prime - 0.25%	372	-	372	-
Bus Acquisition	6	Prime - 0.25%	342,339	-	37,645	304,694
Building Construction	7	Prime - 0.25%	88,790	-	88,790	-
Bus Acquisition	8	Prime - 0.25%	284,524	-	26,063	258,461
Building Construction	9	Prime - 0.25%	531,667	-	27,500	504,167
Bus Acquisition	10	Prime - 0.25%	83,647	-	6,971	76,676
Vehicle Acquisition	11	Prime - 0.25%	-	57,800	6,743	51,057
			<u>2,239,453</u>	<u>57,800</u>	<u>396,344</u>	<u>1,900,909</u>

See accompanying notes to financial statements.

LABRADOR SCHOOL BOARD
SCHEDULE OF DEBT CHARGES
FOR THE YEAR ENDED JUNE 30, 2003

	<u>2003</u>	<u>2002</u>
	\$	\$
Building construction	521	678
Other	<u>5,625</u>	<u>19,268</u>
	<u>6,146</u>	<u>19,946</u>

SCHEDULE 9

LABRADOR SCHOOL BOARD
SUPPLEMENTARY INFORMATION
JUNE 30, 2003

	<u>2003</u>	<u>2002</u>
	\$	\$
Prepaid expenses		
Current		
Municipal service fees	10,965	8,774
Textbooks and school supplies	5,709	34
Janitorial supplies	2,106	6,283
Insurance	2,252	2,170
Travel	-	9,145
Miscellaneous	<u>750</u>	<u>12,564</u>
	<u>21,782</u>	<u>38,970</u>

LABRADOR TRANSPORTATION INITIATIVE FUND

FINANCIAL STATEMENTS

31 MARCH 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

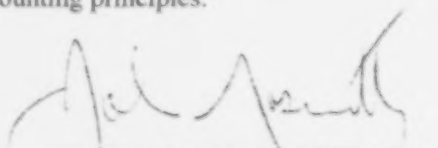
AUDITOR'S REPORT

To the Chairperson and Members
Labrador Transportation Initiative Fund
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Labrador Transportation Initiative Fund as at 31 March 2004 and the statements of revenue, expenses and fund balance and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at 31 March 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
28 May 2004

LABRADOR TRANSPORTATION INITIATIVE FUND

BALANCE SHEET

31 March

2004

2003

ASSETS

Current

Cash	\$ 49,906	\$ 397,128
Investments, at cost (Note 2)	79,076,408	106,992,273
Due from Province of Newfoundland and Labrador (Note 3)	477,392	-
Accrued investment income receivable	114,824	52,911

Total assets	\$ 79,718,530	\$ 107,442,312
--------------	---------------	----------------

EQUITY

Fund balance	\$ 79,718,530	\$ 107,442,312
--------------	---------------	----------------

Total equity	\$ 79,718,530	\$ 107,442,312
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See accompanying notes

Signed on behalf of the Board:

Chairperson

Member

LABRADOR TRANSPORTATION INITIATIVE FUND
STATEMENT OF REVENUE, EXPENSES AND FUND BALANCE
For the Year Ended 31 March

2004

2003

REVENUE

<u>Investment income</u>	<u>\$ 2,912,554</u>	<u>\$ 4,003,718</u>
--------------------------	---------------------	---------------------

EXPENSES

Bank charges	11,663	10,933
Funded initiatives (Note 4)	30,624,373	39,129,107
Professional fees	300	-

	<u>30,636,336</u>	<u>39,140,040</u>
--	-------------------	-------------------

Excess of expenses over revenue	(27,723,782)	(35,136,322)
--	---------------------	---------------------

<u>Fund balance, beginning of year</u>	<u>107,442,312</u>	<u>142,578,634</u>
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<u>Fund balance, end of year</u>	<u>\$ 79,718,530</u>	<u>\$ 107,442,312</u>
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See accompanying notes

LABRADOR TRANSPORTATION INITIATIVE FUND

STATEMENT OF CASH FLOWS

For the Year Ended 31 March

2004

2003

Cash flows from operating activities

Excess of expenses over revenue	\$ (27,723,782)	\$ (35,136,322)
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Changes in non-cash working capital

Due from Province of Newfoundland and Labrador	(477,392)	-
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Accrued investment income receivable	(61,913)	1,546,308
--------------------------------------	----------	-----------

	(28,263,087)	(33,590,014)
--	--------------	--------------

Cash flows from investing activities

Purchases of investments	(586,650,514)	(786,979,603)
--------------------------	---------------	---------------

Maturities of investments	614,566,379	820,898,822
---------------------------	-------------	-------------

	27,915,865	33,919,219
--	------------	------------

Net increase (decrease) in cash	(347,222)	329,205
---------------------------------	-----------	---------

Cash, beginning of year	397,128	67,923
-------------------------	---------	--------

Cash, end of year	\$ 49,906	\$ 397,128
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See accompanying notes

LABRADOR TRANSPORTATION INITIATIVE FUND
NOTES TO FINANCIAL STATEMENTS
31 March 2004

Authority

The Labrador Transportation Initiative Fund (the Fund) operates under the authority of the *Labrador Transportation Initiative Fund Act* enacted 19 December 1997. Its affairs are managed by a board of management (the Board) comprised of the Secretary of the Treasury Board, the Deputy Minister of Finance and not more than three other persons appointed by the Lieutenant-Governor in Council.

The objective of the Board is to authorize payments from the Fund to the Consolidated Revenue Fund of the Province of Newfoundland and Labrador for the construction of the Trans Labrador Highway, maintenance of marine and ferry services to Labrador, and other Labrador initiatives related to transportation which the Lieutenant-Governor in Council may approve.

1. Significant accounting policies

These financial statements have been prepared by the Board in accordance with Canadian generally accepted accounting principles.

2. Investments

Investments are valued at cost which approximates market value. These investments have maturity dates ranging from 18 May 2004 to 21 June 2004 at interest rates which vary from 2.07% to 2.30%.

3. Due from Province of Newfoundland and Labrador

Due from Province of Newfoundland and Labrador represents a claim that was made close to the year end in which the non-Fund revenues associated with the operation of the Coastal Labrador Ferry Service exceeded expenditures. This amount was subsequently recovered by the Fund.

4. Funded initiatives

The Board approved the following initiatives for the year ended 31 March 2004:

	2004			2003	
	Approved Amount 2004	Actual Claim 2004	Adjustments Relating to 2003	Funded Initiatives	Funded Initiatives
	\$	\$	\$	\$	\$
Trans Labrador Highway	6,150,000	5,865,300	31,152	5,896,452	16,078,217
Environmental Impact Study	1,250,000	900,000	97,590	997,590	921,961
Pinsent's Arm Access Road	5,240,000	4,913,660	19,550	4,933,210	1,256,973
Purchase of Three Graders	660,000	407,380	-	407,380	-
Coastal Labrador Ferry Service	17,737,000	16,066,199	302,009	16,368,208	18,231,408
Provincial Roads	500,000	181,236	1,579	182,815	1,843,772
Study - Coastal Marine Services	110,000	-	-	-	-
Ferry Terminals	2,750,000	1,838,718	-	1,838,718	796,776
	34,397,000	30,172,493	451,880	30,624,373	39,129,107

The Fund paid the claimed amount noted above to the Department of Works, Services and Transportation representing approved costs incurred. The adjustments relating to March 2003 were paid as submitted by the Department.

LABRADOR TRANSPORTATION INITIATIVE FUND

NOTES TO FINANCIAL STATEMENTS

31 March 2004

5. Related party transactions

The Fund is administered by employees of Executive Council and the Department of Finance. The costs of administration are paid directly by the departments and are not reflected in these financial statements. Included in investment income is \$91,080 in interest earned on Province of Newfoundland and Labrador Treasury Bills. In addition, as of 31 March 2004, the following related party balances existed: investment in Province of Newfoundland and Labrador Treasury Bills at a cost of \$4,974,000 (maturity value of \$5,000,000); Due from Province of Newfoundland and Labrador of \$477,392 and accrued investment income receivable of \$7,800.

6. Financial instruments

The Fund's financial instruments recognized in the balance sheet consist of cash, investments, Due from Province of Newfoundland and Labrador and accrued investment income receivable, the carrying values of which approximate fair value due to the relatively short-term maturity associated with these instruments.

7. Income taxes

The Fund is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

Lewisporte/Gander School District
Auditors' Report
Financial Statements - June 30, 2003

AUDITORS' REPORT

To the Members of the **Lewisporte/Gander School District**

We have audited the balance sheet of the current and capital funds of the **Lewisporte/Gander School District** as at June 30, 2003, and the related statements of current revenues, expenditures and Board deficiency, and statement of changes in capital fund position for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2003, and the results of its operations and the changes in its capital financial position for the year then ended in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for school boards in the Province of Newfoundland Labrador by the Department of Education.

As required by Section 66(2) of the Schools Act, 1997, we report that all employees collecting, receiving and depositing cash are adequately bonded.

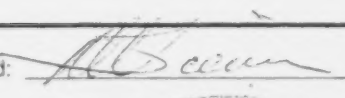
Walters HOFFE
Chartered Accountants

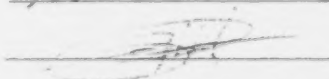
Gander, Newfoundland

September 10, 2003

Lewisporte/Gander School District **Balance Sheet**

June 30	2003	2002
Assets		
Current Assets		
Cash (Supp. Info 1)	\$ 32,174	\$ 29,862
Short Term Investments (Supp. Info 2)		
Accounts Receivable (Note 2)	1,449,123	894,429
Inventory, at cost	13,401	12,626
Prepaid Expenses (Supp. Info 3)	140,038	104,985
Total Current Assets	1,634,736	1,041,902
Property and Equipment (Sch. 8)	83,493,088	82,477,784
	<u>\$ 85,127,824</u>	<u>\$ 83,519,686</u>
Liabilities and Board Equity		
Current Liabilities		
Bank indebtedness (Note 3)		
Accounts Payable and Accruals (Note 4)	\$ 17,404,744	\$ 15,748,889
Current Maturities (Sch. 9B)	189,060	177,508
Total Current Liabilities	17,593,804	15,926,397
Long Term Debt (Sch. 9)	2,521,314	1,902,386
Board Equity		
Investment in Capital Assets (Note 6)	81,111,482	80,726,658
Reserve Account - Capital (Note 5)		
Reserve Account - Current (Note 5A)		
Board Deficiency (Note 9)	(16,098,776)	(15,035,755)
Total Board Equity	65,012,706	65,690,903
Commitments (Note 7)		
	<u>\$ 85,127,824</u>	<u>\$ 83,519,686</u>

Approved:  Chairperson

 Treasurer

See accompanying notes.

Lewisporte/Gander School District
Statement of Current Revenues, Expenditures and
Board Deficiency

Year Ended June 30	2003	2002
Current Revenues (Schedule 1)		
Local Taxation		
Provincial Government Grants	\$ 54,640,035	\$ 51,317,324
Donations		
Ancillary Services	74,129	52,351
Miscellaneous	538,757	440,461
	<u>55,252,921</u>	<u>51,810,136</u>
Current Expenditures		
Administration (Schedule 2)	1,425,280	1,305,589
Instruction (Schedule 3)	43,833,417	41,849,369
Operations and Maintenance (Schedule 4)	5,722,807	5,033,682
Pupil Transportation (Schedule 5)	4,576,433	3,751,078
Ancillary Services (Schedule 6)	-	-
Interest Expense (Schedule 9C)	13,942	13,160
Miscellaneous Expenses (Schedule 7)	673	749
	<u>55,572,552</u>	<u>51,953,627</u>
23 111		
Excess (Deficiency) of Revenue over Expenditure		
Before Teacher Severance, Summer Pay	(319,631)	(143,491)
and Transfer to Capital		
Teacher Severance	(387,175)	(222,607)
Teacher Summer Pay	(321,434)	(265,843)
Transfer to Capital	(34,781)	(163,855)
Net Increase (Decrease) in Board Equity	<u>\$ (1,063,021)</u>	<u>\$ (795,796)</u>

See accompanying notes.

Lewisporte/Gander School District **Statement of Changes in Capital Fund**

Year Ended June 30		2003	2002
70	Capital Receipt		
71	Proceeds from Bank Loans		
011	School Construction		
012	Equipment		
013	Service Vehicles		\$ 29,442
014	Pupil Transportation	\$ 162,030	903,900
015	Other - Energy Performance Contracting	653,832	
72	SCB Grants		
011	School Construction and Equipment	106,311	47,749
012	Other		
73	Donations		
011	Cash Receipts		
012	Non-Cash Receipts		
013	Restricted Use		
74	Sale of Capital Assets Proceeds		
011	Land		
012	Buildings	36,602	
013	Equipment		
014	Service Vehicles		
015	Pupil Transportation Vehicles		5,588
016	Other		
75	Other Capital Revenues		
011	Interest on Capital Fund Investments		
012	Premiums on Debentures		
013	Recoveries of Expenditures	38,934	53,987
015	Insurance Proceeds		
017	Miscellaneous		
Total Capital Receipts			
77	Transfer from Reserve Account		
78	Transfer to/from Current Fund	34,781	163,855
Total		\$ 1,032,490	\$ 1,204,521

See accompanying notes.

Lewisporte/Gander School District
Statement of Changes in Capital Fund (cont'd)

Year Ended June 30		2003	2002
80	Capital Disbursements		
81	Additions to Property and Equipment		
011	Land and Sites	\$ 30,854	\$ 80,459
012	Building	826,107	108,092
013	Furniture and Equipment - School	1,154	59,200
014	Furniture and Equipment - Other	572	1,335
015	Services Vehicles		45,702
016	Pupil Transportation	171,855	903,891
017	Other		
82	Principal Repayment of Loans		
011	School Construction		
012	Equipment		
013	Services Vehicles	1,948	5,842
014	Other		
83	Miscellaneous Disbursements		
013	Other		
Total Capital Disbursements		<u>\$ 1,032,490</u>	<u>\$ 1,204,521</u>

See accompanying notes.

Lewisporte/Gander School District

Notes to the Financial Statements

June 30, 2003

1. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self-balancing group of accounts is provided for each fund." It is customary for School Boards to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting, is as follows:

- a) Grants received by the Board are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenue while those from the Newfoundland and Labrador Education Investment Corporation are mostly recorded as capital revenues.
- b) Land, buildings and equipment are recorded in the accounts based on estimated values at January 1, 1997. Additions since that date are recorded at full cost in the capital fund.
- c) The Board does not calculate or record depreciation on any of its fixed assets.
- d) All capital expenditures financed out of current revenue funds are recorded as an expenditure in the current account.
- e) Principal Repayment of Pupil Transportation Loans are recorded as Current Expenditures. All other principal repayment of bank loans are recorded as Capital Expenditures.

Severance Pay

The Board has in effect severance pay policies whereby non-teaching staff employees are entitled to a severance payment upon leaving employment with the Board. Under these policies, a permanent employee who has nine (9) or more years of continuous service in the employ of the School Board is entitled to be paid on resignation, retirement, termination by reasons of disability, expiry of recall rights, or in the event of death, to the employee's estate, severance pay equal to the amount obtained by multiplying the number of completed years of continuous employment by his weekly salary to a maximum of twenty (20) weeks pay. This liability for severance pay has been accrued in the accounts for all employees who have a vested right to receive such payments.

Severance pay for teachers is paid through the Department of Education. An amount of \$784,345 has been paid during the 2002-03 fiscal year and is included in employee benefits for teachers.

Lewisporte/Gander School District **Notes to the Financial Statements**

June 30, 2003

2. Accounts Receivable		<u>2003</u>	<u>2002</u>
<u>Current</u>			
11 131 Provincial Government Grant	\$	867,676	\$ 284,445
132 Transportation			
133 Federal Government		137,268	113,562
134 School Taxes			
136 Other School Boards			
137 Rent			
138 Interest			
139 Travel Advances and Misc.		93,682	99,168
<u>Capital</u>			
11 231 SCB - Construction Grants			46,757
233 Local Contributions			
234 Other School Boards			
235 Other - Insurance Proceeds (Note 8)		350,497	350,497
		<u>1,449,123</u>	<u>894,429</u>
Less: Allowance for uncollectible Government grants			
	\$	<u>1,449,123</u>	\$ <u>894,429</u>

3. Bank Indebtedness - Current

21 131 On Operating Credit		
132 On Current Account		
	\$	\$

Lewisporte/Gander School District **Notes to the Financial Statements**

June 30, 2003

4. Accounts Payable and Accruals		2003	2002
<u>Current</u>			
21 111 Trade Payables		\$ 977,648	\$ 306,743
112 Accrued - Liabilities		15,397	20,913
113 - Interest		1,513	2,803
114 - Wages		336,897	206,245
115 Payroll Deductions		89,427	39,843
116 Retail Sales Tax			
117 Deferred Grants		71,766	37,923
118 Other		14,157	3,357
119 Severance Pay - Regular		1,472,767	1,414,499
- Teacher		9,257,895	8,870,720
Summer Pay - Teacher		5,167,277	4,845,843
<u>Capital</u>			
21 211 Trade Payables			
212 Accrued - Liabilities			
213 - Interest			
217 Deferred Grants			
218 Other			
		<u>\$ 17,404,744</u>	<u>\$ 15,748,889</u>

5. Reserve Account - Capital

Description:

Balance, beginning of year	\$ -	\$ 160,409
Less: Transfer to Capital Fund	<u>-</u>	<u>160,409</u>
Add: Transfer from Board Equity	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>

Lewisporte/Gander School District
Notes to the Financial Statements

June 30, 2003

5. Reserve Account - Capital (continued)

The capital reserve is related to the Extension and Renovation project at Greenwood Academy and represents the Board's contribution to the project. It was anticipated that the board would proceed to complete items in this project that were omitted previously. However, the Education Investment Corporation recovered this amount from monies that were due the board from another capital project.

	<u>2003</u>	<u>2002</u>
5A. Reserve Account - Current		
Description:		
Balance, beginning of year	\$ -	\$ -
Less: Current Expenditures	<u> </u>	<u> </u>
Add: Transfer from Board Equity	<u> </u>	<u> </u>
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>

Lewisporte/Gander School District

Notes to the Financial Statements

June 30, 2003

	<u>2003</u>	<u>2002</u>
6. Investment in Capital Assets		
Investment in Capital Assets, opening balance	\$ 80,726,658	\$ 72,760,290
Less: Prior Years Adjustment to Investment in Capital Assets		(249,077)
As Restated	80,726,658	72,511,213
Transfer of Operating Funds to Capital Fund	34,781	163,855
Transfer from Reserve		
Grants - SCB - Contribution for Capital Fund	106,311	47,748
- Other	38,934	53,987
- Debt Repayment		
Proceeds from Sale of Capital Assets		
- Land		
- Buildings	36,602	
- Vehicles		5,588
Additions to School Buildings		8,788,352
	<u>80,943,286</u>	<u>81,570,743</u>
Deduct Adjustments:		
Cost of Assets Sold - Land	(1,323)	(7,594)
- Buildings	(13,915)	(489,947)
- Busses		(493,799)
- Service Vehicles		(18,592)
	<u>(15,238)</u>	<u>(1,009,932)</u>
Other - Pupil transportation loan payments made by current fund	<u>183,434</u>	<u>165,847</u>
23 221 Investment in Capital Assets, end of year	<u>\$ 81,111,482</u>	<u>\$ 80,726,658</u>

Lewisporte/Gander School District Notes to the Financial Statements

June 30, 2003

7. Commitments

At balance sheet date, the Lewisporte/Gander School District was committed to the following equipment leases:

Telephone Equipment:

\$2,269 monthly, including HST, expires December, 2003

Photocopiers and Office Equipment:

\$6,950 annually, including HST, expires March, 2004

\$621 quarterly, including HST, expires October, 2004

\$6,380 monthly, including HST for 10 months of each year, expires June, 2006

\$628 quarterly, including HST, expires April, 2006

8. Other

- a) The Lewisporte/Gander School District was created on January 1, 1997 as a result of the reorganization of school boards by the Province of Newfoundland and Labrador. Assets, liabilities and equities of the predecessor boards were allocated to the ten (10) new school districts created by the Province, subject to the terms and conditions contained in section 95 of the 1997 Schools Act.
- b) On December 29, 1991 fire partially destroyed the building and contents of Jane Collins Academy in Hare Bay. School buildings and contents are insured by a Provincial Government blanket policy, covering all the schools in the province which are under the jurisdiction of the Department of Education.

The Board has received \$1,296,841 as a result of its claims for this fire and has recorded an account receivable of \$350,497 (Note 2). The funds received have essentially come from the Provincial Government as a result of its liability for the deductible portion on each insurance claim.

On June 24, 2003, both the insurance company and the board agreed to a final settlement of \$325,000 on this claim. The board has also received a \$25,497 commitment from the Department of Education as reimbursement for the balance outstanding.

Proceeds from the insurance company in the amount of \$325,000 was received on July 17, 2003.

Lewisporte/Gander School District Notes to the Financial Statements

June 30, 2003

9. Board Deficiency	2003	2002
Opening Board deficiency as previously stated	\$ (10,189,912)	\$ (9,864,418)
Prior Year Adjustments:		
Investment in Capital Assets		249,077
Strike Savings Clawback		(9,000)
Transfer to Capital		(35,618)
Summer Pay Liability Adjustment June 30/01	(4,580,000)	(4,580,000)
Summer Pay Liability Adjustment June 30/02	(265,843)	
As Restated	(15,035,755)	(14,239,959)
Net increase(decrease) in Board Equity (Page 5)	(1,063,021)	(795,796)
Board Deficiency, end of year	\$ (16,098,776)	\$ (15,035,755)

Lewisporte/Gander School District Notes to the Financial Statements

June 30, 2003

10. Department of Education Receivables and Payables

As at June 30, 2003 the Board has recorded the following receivables from the Newfoundland Provincial Government Department of Education.

Accounts Receivable - Current

Amounts due re: Air Quality - Carpet Removal	\$	131,698
Amounts due re: School Operations		226,192
Amounts due re: Loan Interest		3,566
Amounts due re: Smallwood Academy Oil Spill		163,246
Amounts due re: Janitorial & Maintenance Salaries		
Amounts due re: Water Delivery		21,182
Amounts due re: Other		6,903
Amounts due re: Transportation		209,274
	\$	<u>762,061</u>

Accounts Receivable - Capital

Amounts due re: St. Gabriel's Windows & Siding	\$	105,615
Amounts due re: Lumsden Elevator		
Amounts due re: Lewisporte Middle School - Accessibility		
	\$	<u>105,615</u>

Accounts Payable

Amounts due re: Transportation	\$	56,068
Amounts due re: Teachers Payroll		28,923
	\$	<u>84,991</u>

Lewisporte/Gander School District
Current Revenues

Schedule 1

Year Ended June 30	2003	2002
<u>Current Revenues</u>		
31 010 Local Taxation		
011 School Taxes		
32 010 Provincial Government Grants		
011 Regular Operating Grants	\$ 7,839,600	\$ 7,357,178
012 Special Grants (Details on bottom of Schedule 1)	605,002	423,257
013 Payroll Tax	696,396	672,919
Salaries and Benefits		
017 Directors and Assistant Directors	341,187	311,015
021 Regular Teachers	38,436,484	36,727,063
021 Student Assistants	1,024,679	889,805
022 Substitute Teachers	1,336,891	1,382,522
030 Pupil Transportation		
031 Board Owned	4,111,781	3,346,554
032 Contracted	58,726	58,482
033 Special Needs	189,289	148,529
034 Other - Employee Benefits		
	<u>54,640,035</u>	<u>51,317,324</u>
33 010 Donations		
012 Cash Receipts		
013 Non Cash Receipts		
014 Restricted Use		
34 010 Ancillary Services		
011 Revenue from Rental of Residences		
015 Interest on Schools		
021 Revenues from Rental of Schools and Facilities (Net)	17,300	18,351
022 Internally Generated Funds - Snow Clearing and Other Incentives	56,829	34,000
031 Cafeterias		
032 Other		
	<u>74,129</u>	<u>52,351</u>

Lewisporte/Gander School District
Current Revenues

Schedule 1 (cont'd)

Year Ended June 30		2003	2002
<u>Current Revenues</u>			
35 010	Miscellaneous		
011	Interest on Investments	24,449	41,589
012	Bus Charters		
	Regular	105,833	88,254
	Lunch Hour Runs	73,991	66,857
021	Recoveries of Expenditures	28,146	54,237
022	MUN Grant		
	Internship Program	7,025	633
	STEMNET	9,069	9,444
	Intensive French		
031	Revenues from Other School Boards		
051	Insurance Proceeds	8,234	
061	Bilingual Education Revenue		
071	Operating Revenues from Native Peoples Grant		
081	Miscellaneous Federal Grant	145,627	24,624
091	Textbooks	135,364	118,676
092	Sundry	1,019	36,147
		<u>538,757</u>	<u>440,461</u>
36 011	Transfer from Capital		
	Total Current Revenues	<u>\$ 55,252,921</u>	<u>\$ 51,810,136</u>

Lewisporte/Gander School District
Current Revenues

Schedule 1 (cont'd)

Year Ended June 30	2003	2002
Special Grants		
French Monitor	\$ 11,468	\$ 4,945
Core French	2,604	14,934
French - Immersion	73	531
French Teacher Aide	9,718	8,724
Intensive French	5,268	
Textbook 8% Reimbursement	6,996	11,145
Teacher Relocation		2,438
Textbook Replacement Savings	7,578	8,569
Diverse Learning	10,000	
School Board Elections		9,231
JCA Loan Interest	12,859	13,111
Water Delivery	29,755	20,171
District Shutdowns	27,500	
Utilities	226,192	19,974
Tutor Training	7,087	8,539
Salary Increases - April - June, 2001		58,778
Kinderstart	7,400	
Distance Education		511
Work Force Reduction		70,123
Speech Language Pathology Sessions	2,462	4,543
First Steps		13,104
Distance Education - Pilot	15,589	10,709
Tutoring/Work Experience	10,038	6,800
Tutoring/Work Experience - CDLI	3,587	
Air Quality - Carpet Removal		136,377
Leadership at Work	5,000	
CDLI	40,584	
Smallwood Academy Oil Spill	163,244	
	<u>\$ 605,002</u>	<u>\$ 423,257</u>

**Lewisporte/Gander School District
Administration Expenditures**

Schedule 2

Year Ended June 30		2003	2002
51 011	Salaries and Benefits - Director and Assistant Directors	\$ 355,281	\$ 336,674
012	Salaries and Benefits - Board Office Personnel	745,927	608,719
013	Office Supplies	26,797	29,045
014	Replacement Furniture and Equipment	17,908	26,638
015	Postage	14,570	15,238
016	Telephone	34,735	46,197
017	Office Equipment Rentals and Repairs	16,230	15,221
018	Bank Charges		25
019	Electricity	14,697	13,861
021	Fuel		
022	Insurance	1,094	
023	Repairs and Maintenance (Office Building)	11,218	4,038
024	Travel	48,050	46,454
025	Board Meeting Expenses	24,276	26,215
026	Election Expenses		9,731
027	Professional Fees	29,666	21,716
028	Advertising	20,755	26,848
029	Membership Dues	40,909	42,003
034	Miscellaneous	12,068	28,260
035	Payroll Tax	11,099	8,706
Total Administration Expenditures		<u>\$ 1,425,280</u>	<u>\$ 1,305,589</u>

**Lewisporte/Gander School District
Instruction Expenditures**

Schedule 3

Year Ended June 30		2003	2002
52 010	Instructional Salaries (Gross)		
011	Teachers' Salaries - Regular	\$ 32,441,747	\$ 31,412,648
012	- Substitute	1,302,176	1,392,068
013	- Board Paid	75,035	41,701
013	- Student Assistants	1,008,348	890,059
014	Augmentation		
015	Employee Benefits	5,994,951	5,318,745
016	School Secretaries - Salaries and Benefits	874,652	699,735
017	Payroll Tax	710,304	683,679
018	Other - French Monitor		5,286
018	Teacher Aid		8,724
018	IMC Salary	31,753	21,863
		<u>42,438,966</u>	<u>40,474,508</u>
52 040	Instructional Materials		
041	General Supplies	273,491	342,745
042	Library Resource Materials	35,555	35,515
043	Teaching Aids	248,658	272,567
044	Textbooks	135,163	119,196
		<u>692,867</u>	<u>770,023</u>
52 060	Instructional Furniture and Equipment		
061	Replacement	100,227	125,041
062	Rentals and Repairs	103,842	107,715
		<u>204,069</u>	<u>232,756</u>
52 080	Instructional Staff Travel		
081	Program Co-ordinators	32,814	38,762
082	Teachers' Travel	94,571	99,427
083	Inservice and Conferences	95,701	66,840
		<u>223,086</u>	<u>205,029</u>
090	Other Instructional Costs		
52 091	Postage and Stationary		
092	Miscellaneous	274,429	167,053
		<u>274,429</u>	<u>167,053</u>
		<u>\$ 43,833,417</u>	<u>\$ 41,849,369</u>

Lewisporte/Gander School District
Operations and Maintenance Expenditures - Schools

Schedule 4

Year Ended June 30		2003	2002
53 011	Salaries and Benefits - Janitorial	\$ 1,768,318	\$ 1,547,450
012	Salaries and Benefits - Maintenance	777,052	695,581
013	Payroll Tax	22,404	32,129
014	Electricity	1,387,126	1,274,108
015	Fuel	268,318	176,334
016	Municipal Service Fees	67,570	79,955
017	Telephone	249,371	211,763
018	Vehicle Operating and Travel	52,918	40,207
019	Janitorial Supplies	144,081	118,966
021	Janitorial Equipment	9,105	8,603
022	Repairs and Maintenance - Building	546,174	688,307
023	- Equipment	15,618	10,875
024	Contracted Services - Janitorial	4,850	4,550
025	Snow Clearing	194,508	132,513
027	Other	215,394	12,341
Total Operations and Maintenance Expenditures		<u>\$ 5,722,807</u>	<u>\$ 5,033,682</u>

Lewisporte/Gander School District
Pupil Transportation Expenditures

Schedule 5

Year Ended June 30		2003	2002
54 010	Operation and Maintenance of Board Owned Fleet		
011	Salaries and Benefits - Administration	\$ 84,234	\$ 79,389
012	Salaries and Benefits - Drivers and Mechanics	2,831,501	2,290,094
013	Payroll Tax	45,009	36,005
014	Debt Repayment - Interest	68,619	69,265
015	- Principal	183,434	165,846
016	Bank Charges		
017	Gas and Oil	474,652	387,875
018	Licences	62,357	58,209
019	Insurance	39,388	41,575
021	Repairs and Maintenance - Fleet	369,871	285,333
022	- Building	35,781	14,275
023	Tires and Tubes	35,874	38,205
024	Heat and Light	32,250	23,205
025	Municipal Services		130
026	Snow Clearing	14,333	10,456
027	Office Supplies	8,244	8,001
029	Travel	7,313	4,981
031	Professional Fees	4,277	7,276
032	Miscellaneous	9,077	7,025
033	Telephone	22,204	16,922
		<u>\$ 4,328,418</u>	<u>\$ 3,544,067</u>
54 040	Contracted Services		
041	Regular Transportation	58,726	58,482
042	Handicapped	189,289	148,529
		<u>248,015</u>	<u>207,011</u>
Total Pupil Transportation Expenditures		<u>\$ 4,576,433</u>	<u>\$ 3,751,078</u>

Lewisporte/Gander School District **Ancillary Services and Miscellaneous Expenses**

Year Ended June 30

2003

2002

Ancillary Services

Schedule 6

55	Ancillary Services		
011	Operations of Teachers' Residence	\$ -	\$ -
013	Janitorial		
031	Cafeterias		
032	Other		
		<u>\$ -</u>	<u>\$ -</u>

Miscellaneous Expenses

Schedule 7

The Board has incurred the following miscellaneous expenses:

57 001	Miscellaneous	673	749
		<u>\$ 673</u>	<u>\$ 749</u>

Lewisporte/Gander School District
Details of Property and Equipment

Schedule 8

June 30, 2003

	Balance June 30/02	Additions Prior Yr. Adj.	Additions 2003	Disposals Prior Yr. Adj.	Disposals 2003	Balance June 30/03
Land and Sites						
12 210 Land and Sites						
211 Land and Sites	441,140		30,854		1,323	470,671
12 212 Land Improvements	441,140	-	30,854		1,323	470,671
12 220 Buildings						
221 Schools	65,557,673		813,569		13,915	66,357,327
222 Administration	645,501		12,538			658,039
223 Residential						-
224 Recreation						-
225 Other - Maintenance	136,323					136,323
	66,339,497	-	826,107	-	13,915	67,151,689
12 230 Furniture & Equipment						
231 Schools	7,184,632					7,184,632
232 Administration	422,988		572			423,560
233 Residential						-
234 Recreation						-
235 Other - Maintenance	12,926		1,154			14,080
	7,620,546	-	1,726	-	-	7,622,272
12 240 Vehicles						
241 Service Vehicles	189,490		47,029			236,519
12 250 Pupil Transportation						
251 Land	32,811					32,811
252 Building	534,481					534,481
253 Vehicles - Buses	7,119,556		171,855		47,029	7,244,382
254 - Service	149,353					149,353
255 Equipment	50,262					50,262
256 Other						-
	7,886,463	-	171,855	-	47,029	8,011,289
12 260 Miscellaneous Capital Assets						
261 Other	648					648
Total Property & Equipment	\$ 82,477,784	\$ -	\$ 1,077,571	\$ -	\$ 62,267	\$ 83,493,088

Land, buildings and equipment have been recorded in the accounts at estimated values at January 1, 1997. Additions since that date have been recorded at cost. Lands and sites on which some of the buildings are erected are vested in the former school boards or denominational education councils or churches. All real and personal property used for the purpose of education by Lewisporte/Gander School District #6 will be subject to the terms and conditions contained in Section 84 of the 1997 Schools Act.

As of the date of the Auditors' Report the values of some of the school buildings and equipment used by the Lewisporte/Gander School District #6 have not been obtained from the Department of Education or the former school boards.

Lewisporte/Gander School District
Details of Long Term Debt

Schedule 9

June 30	2003	2002
Bank loans, mortgages and debentures, approved by the Board and the Government of Newfoundland and Labrador		
22 210 Loans Other Than Pupil Transportation		
<u>Ref. #</u>		
211 Bank Loans		
___ Repayable \$ ___ monthly, maturing	\$ 653,832	
___ Repayable \$ ___ monthly, maturing		
___ Repayable \$ ___ monthly, maturing		
___ Repayable \$ ___ monthly, maturing		
___ Repayable \$ ___ monthly, maturing		
Total 211	\$ 653,832	
212 Mortgages		
___ Repayable \$ ___ monthly, maturing		
___ Repayable \$ ___ monthly, maturing		
___ Repayable \$ ___ monthly, maturing		
Total 212		
213 Debentures		
___ Repayable \$ ___ monthly, maturing		
___ Repayable \$ ___ monthly, maturing		
Total 213		
214 Other - JCA	328,768	328,768
- Lease Buyout		1,948
Subtotal	328,768	330,716
215 Less: Current Maturities		1,948
Total Loans Other Than Pupil Transportation	\$ 982,600	\$ 328,768

Lewisporte/Gander School District
Details of Long Term Debt

Schedule 9 (cont'd)

June 30	2003	2002
22 Loans - Pupil Transportation		
Ref.#		
221 Vehicle Bank Loans		
Prime-5/8% Repayable \$2,677 monthly, maturing 2011	\$ 248,968	\$ 281,093
Prime-5/8% Repayable \$1,537 monthly, maturing 2011	153,723	172,170
Prime-5/8% Repayable \$3,648 monthly, maturing 2012	390,302	434,075
Prime-5/8% Repayable \$6,277 monthly, maturing 2013	759,527	834,852
Prime-5/8% Repayable \$ 491 monthly, maturing 2007	21,100	26,988
Prime-5/8% Repayable \$1,125 monthly, maturing 2014	154,154	
Repayable \$ monthly, maturing		
Repayable \$ monthly, maturing		
Repayable \$ monthly, maturing		
Total 221	1,727,774	\$ 1,749,178
222 Land, Building and Equipment Bank Loans		
Repayable \$ monthly, maturing		
Repayable \$ monthly, maturing		
Repayable \$ monthly, maturing		
Repayable \$ monthly, maturing		
Repayable \$ monthly, maturing		
Repayable \$ monthly, maturing		
Total 222		
Subtotal	1,727,774	1,749,178
223 Less: Current Maturities	189,060	175,560
Total Loans - Pupil Transportation	1,538,714	1,573,618
Total Long Term Debt	2,521,314	1,902,386

**Lewisporte/Gander School District
Summary of Long Term Debt**

Schedule 9A

June 30, 2003

<u>Description</u>	<u>Ref. #</u>	<u>Rate</u>	<u>Balance Beginning of Year</u>	<u>Loans Obtained During Year</u>	<u>Principal Repayment for Year</u>	<u>Balance End of Year</u>
A) School Construction		Prime - 5/8%	\$ 328,768			\$ 328,768
B) Equipment						
C) Service Vehicle			1,948		1,948	-
D) Other - Energy Performance Contracting		Prime - 5/8%		653,832		653,832
E) Pupil Transportation		Prime - 5/8%	1,749,178	162,030	183,434	1,727,774
Total Loans			\$ 2,079,894	\$ 815,862	\$ 185,382	\$ 2,710,374
Less: Current Maturities			\$ 189,060			189,060
Total Loans			\$ 1,890,834	\$ 815,862	\$ 185,382	\$ 2,521,314

Lewisporte/Gander School District
Schedule of Current Maturities

Schedule 9B

June 30, 2003

Description	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
A) School Construction					
B) Equipment					
C) Service Vehicles					
D) Other					
E) Pupil Transportation	<u>189,060</u>	<u>189,060</u>	<u>189,060</u>	<u>186,606</u>	<u>183,172</u>
Total	<u>\$ 189,060</u>	<u>\$ 189,060</u>	<u>\$ 189,060</u>	<u>\$ 186,606</u>	<u>\$ 183,172</u>

**Lewisporte/Gander School District
Schedule of Interest Expenses**

Schedule 9C

Year Ended June 30

2003

2002

Description

012 Capital

School Construction

12,810

13,111

Equipment

Service Vehicles

Other

Pupil Transportation

68,619

69,265

Total Capital

81,429

82,376

013 Current - Operating Loans
- Supplier Interest Charges

1,132

49

Total Current

1,132

49

Total Interest Expense

82,561

\$ 82,425

Lewisporte/Gander School District Supplementary Information

June 30		2003	2002
1.	<u>Cash</u>		
	<u>Current</u>		
11	110 Cash on Hand and in Bank		
	111 Cash on Hand	460	460
	112 Bank - Current	21,840	30,141
	113 - Savings		
	114 - Teachers' Payroll	(1,826)	(2,438)
	115 - Non Teachers' Payroll		
	116 - Coupon (debenture)		
	117 - Other-Trust Fund	11,700	1,700
	<u>Capital</u>		
11	210 Cash on Hand and in Bank		
	211 Cash on Hand		
	212 Bank - Current		
	213 - Savings		
	214 - Other		
	Total Cash on Hand and in Bank	<u>32,174</u>	<u>29,863</u>
2.	<u>Short Term Investments</u>		
	<u>Current</u>		
11	121 Term Deposits		
	122 Canada Savings Bonds		
	123 Other		
	<u>Capital</u>		
11	221 Term Deposits		
	222 Canada Savings Bonds		
	223 Other		
	Total Short Term Investments	<u></u>	<u></u>

**Lewisporte/Gander School District
Supplementary Information (Cont')**

June 30		2003	2002
3.	<u>Prepaid Expenses</u>		
	<u>Current</u>		
11 141	Insurance		
142	Municipal Service Fees		
143	Supplies	6,664	
144	Other - WCB	102,289	89,182
	- Travel	12,249	3,500
	- Miscellaneous	18,836	12,303
	<u>Capital</u>		
11 241	Other		
		<u>140,038</u>	<u>104,985</u>

LIVESTOCK OWNERS COMPENSATION BOARD

LIVESTOCK OWNERS COMPENSATION FUND

FINANCIAL STATEMENTS

31 MARCH 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Livestock Owners Compensation Board
Corner Brook, Newfoundland and Labrador

I have audited the balance sheet of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund as at 31 March 2004 and the statement of revenues, expenses and deficit for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund as at 31 March 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read 'John L. Noseworthy'.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
18 June 2004

LIVESTOCK OWNERS COMPENSATION BOARD
LIVESTOCK OWNERS COMPENSATION FUND
BALANCE SHEET
31 March

2004

2003

ASSETS

Current

Cash	\$ 15,464	\$ 17,818
Accounts receivable	845	797

	\$ 16,309	\$ 18,615
--	-----------	-----------

LIABILITIES AND EQUITY

Current

Accounts payable and accrued liabilities	\$ 944	\$ 894
--	--------	--------

Equity

Contributions - Province of Newfoundland and Labrador	78,895	78,895
Deficit	(63,530)	(61,174)

	15,365	17,721
--	--------	--------

	\$ 16,309	\$ 18,615
--	-----------	-----------

See accompanying notes

Signed on behalf of the Board:

C. MacDonald
Chairperson

Sprenkle
Member

LIVESTOCK OWNERS COMPENSATION BOARD
LIVESTOCK OWNERS COMPENSATION FUND
STATEMENT OF REVENUES, EXPENSES AND DEFICIT
For the Year Ended 31 March

2004

2003

REVENUES

Province of Newfoundland and Labrador

Payments on behalf of the Board
for administration (Note 2)

\$ 1,100

\$ 750

Premiums from livestock owners

2,113

1,811

3,213

2,561

EXPENSES

Bank charges

32

30

Indemnity claims

4,437

711

Professional services (Note 2)

1,100

750

5,569

1,491

Excess of revenues over expenses
(expenses over revenues)

(2,356)

1,070

Deficit, beginning of year

(61,174)

(62,244)

Deficit, end of year

\$ (63,530)

\$ (61,174)

See accompanying notes

LIVESTOCK OWNERS COMPENSATION BOARD
LIVESTOCK OWNERS COMPENSATION FUND
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004

Authority

The Livestock Owners Compensation Board (the Board) operates under the authority of the *Livestock Insurance Act*. The purpose of the Board is to operate the Livestock Owners Compensation Fund to provide insurance to farmers of the Province to restrict the amount of livestock loss. Its affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. These statements are a representation of the activities of the Livestock Owners Compensation Fund.

1. Significant accounting policies

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. The Board does not prepare a statement of cash flows since the changes in cash flows are readily apparent from the other statements.

2. Administration expenses

The Board is administered by employees of the Department of Natural Resources. The Province, represented by the Department, is responsible for the costs of administration of the Board. The costs which are paid directly by the Province on behalf of the Board are not reflected in these financial statements, except for expenses of \$1,100 (2003 - \$750) relating to professional services.

3. Economic dependence

As a result of the Board's reliance on Provincial funding to meet its administrative costs, the Board's ability to continue viable operations is dependent upon continued funding from the Province.

4. Financial instruments

The Board's financial instruments recognized in the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities, the carrying values of which approximate fair market value due to the short-term maturity associated with these instruments.

5. Income taxes

The Board is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Federal or Provincial income taxes.



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**Province of Newfoundland
and Labrador**

**Public Accounts
Volume IV (M-Z)**

**Financial Statements of
Crown Corporations,
Boards and Authorities**

**For The Year Ended
31 March 2004**



Province of Newfoundland and Labrador

Public Accounts

Volume IV (M - Z)

**Financial Statements of Crown Corporations,
Boards and Authorities**

**For The Year Ended
31 March 2004**

INTRODUCTION

The reproduction of the available financial statements of Crown Corporations, Boards and Authorities are presented through the publication of the Public Accounts, Volume IV. This Volume is produced alphabetically in two books, A to L and M to Z. The fiscal years noted in the table of contents are based on the fiscal year end of the organization.

The Public Accounts for the year ended 31 March 2004 consists of three other volumes:

Volume I – Consolidated Summary Financial Statements presents the summary financial statements which consolidate the financial statements of the Consolidated Revenue Fund with the financial statements of various Crown Corporations, Boards and Authorities, as approved by Treasury Board, which are controlled by the Government of Newfoundland and Labrador.

Volume II – Consolidated Revenue Fund Financial Statements presents the financial position of the Fund and the results of its activities.

Volume III – Consolidated Revenue Fund Supplementary Statements and Schedules presents the unaudited summary statements, detailed departmental statements, schedules and notes of the Fund and are prepared on a basis consistent with the Estimates of the Province.

The Public Accounts of the Province are tabled in the House of Assembly in accordance with Section 60 of the *Financial Administration Act*.

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Health Care Corporation of St. John's	2003	381
	2004	399
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Heritage Foundation of Newfoundland and Labrador	2004	437
Hotel Buildings Limited	2004	447
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Newfoundland and Labrador Film Development Corporation	2004	615
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Newfoundland and Labrador Heritage Corporation	2004	639
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Newfoundland and Labrador Petroleum Products Pricing Commission	2004	715
Newfoundland and Labrador Student Investment and Opportunity Corporation	2004	721
Newfoundland Cancer Treatment and Research Foundation	2004	727
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Northern Peninsula/Labrador South District #2	2003	765
Office of the High Sheriff of Newfoundland and Labrador	2004	793
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Provincial Information and Library Resources Board	2004	825
Provincial Perinatal Program	2003	839
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Public Accountants Licensing Board	2003	851
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Special Celebrations Corporation of Newfoundland and Labrador, Inc.	2004	867
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St. John's Regional Health and Community Services Board	2004	893
Student Loan Corporation of Newfoundland and Labrador	2004	905
Vista School District	2003	913
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Workplace Health, Safety and Compensation Commission	2003	971

The financial statements of the following agencies were not received in time for inclusion in this volume:

NAME	YEAR
Central West Health Corporation	2004
Director of Support Enforcement	2004
Newfoundland and Labrador Legal Aid Commission	2004
Peninsulas Health Care Corporation	2004
Private Training Corporation	2003
Public Health Laboratory	2003
	2004

**MARBLE MOUNTAIN DEVELOPMENT
CORPORATION**

AUDITED FINANCIAL STATEMENTS

April 30, 2004

SQUIRE & HYNES

Chartered Accountants

57 Park Street, P.O. Box 248

Corner Brook, Newfoundland, A2H 6C9

Tel: (709) 634-8256 Fax: (709) 639-1647 email: accountants@squirehynes.ca

AUDITORS' REPORT

To the Directors of
Marble Mountain Development Corporation

We have audited the balance sheet of Marble Mountain Development Corporation as at April 30, 2004 and the statements of revenue, expenditures and deficit and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as the overall financial statement presentation.

The Corporation's policy is not to amortize its property, plant and equipment. Canadian generally accepted accounting principles require that property, plant and equipment with a limited life held by not-for-profit organizations be amortized over their useful lives. The Corporation's policy is not to amortize its government assistance relating to the purchase of property, plant and equipment. Canadian generally accepted accounting principles require that government assistance be amortized on the same basis as the amortization expense of the related property, plant and equipment to which it relates.

In our opinion, except for the effects of the above as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Corporation as at April 30, 2004 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

June 10, 2004



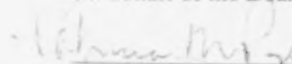
MARBLE MOUNTAIN DEVELOPMENT CORPORATION

BALANCE SHEET
As at April 30, 2004

	2004	2003
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash	13,484	9,905
Accounts receivable (note 1)	146,805	186,882
Inventory	44,311	36,670
Prepaid expenses	106,569	98,893
Due from Marble Mountain Management Corporation (note 12)	<u>196,410</u>	<u>191,338</u>
	507,579	523,688
PROPERTY, PLANT AND EQUIPMENT (note 2)	<u>33,878,705</u>	<u>33,891,038</u>
	<u>34,386,284</u>	<u>34,414,726</u>
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness (note 3)	1,564,137	2,002,206
Accounts payable and accrued liabilities (note 4)	358,681	449,918
Deferred revenue	406,000	5,250
Current portion - obligations under capital leases (note 5)	<u>80,632</u>	<u>74,904</u>
	2,409,450	2,532,278
OBLIGATIONS UNDER CAPITAL LEASES (note 5)	40,500	121,107
LONG-TERM DEBT (note 6)	300,000	300,000
GOVERNMENT ASSISTANCE AND OTHER CONTRIBUTIONS (note 7)	<u>32,382,710</u>	<u>32,382,710</u>
	<u>35,132,660</u>	<u>35,336,095</u>
SHAREHOLDER'S DEFICIENCY		
SHARE CAPITAL (note 9)	-	-
DEFICIT	<u>(746,376)</u>	<u>(921,369)</u>
	<u>(746,376)</u>	<u>(921,369)</u>
	<u>34,386,284</u>	<u>34,414,726</u>

Contingent liability (note 11)

On behalf of the Board:

 Director

 Director

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

STATEMENT OF REVENUE, EXPENDITURES AND DEFICIT

For the year ended April 30, 2004

	2004	2003
	\$	\$
REVENUE		
Income (loss) from operations		
Lift operations – Schedule I	(302,039)	(299,217)
Rental and repair shop – Schedule II	89,334	93,902
Cafeteria – Schedule III	41,958	43,978
Bar – Schedule IV	48,690	36,674
Ski school – Schedule V	26,461	39,499
Events – Schedule VI	10,739	1,124
Marketing – Schedule VII	(70,473)	(163,329)
Marble Villa – Schedule VIII	139,319	137,436
Interest income	1,317	930
Operating grant (note 8(a))	525,000	400,000
Other	-	1,586
	<u>510,306</u>	<u>292,583</u>
EXPENDITURES		
Directors' fees (note 12)	6,132	9,763
Advertising	286	3,697
Labour services	169,652	130,179
Management fees (note 12)	5,410	54,145
Administration	6,187	6,686
Communications	7,940	8,801
Travel	519	4,713
Interest and bank charges	95,787	100,916
Professional fees	10,019	13,286
Board and committee meetings	8,670	11,350
Miscellaneous	861	1,332
Bad debts (recovery)	-	(696)
Cost of property, plant and equipment retired from service during the year (note 13)	<u>23,850</u>	<u>-</u>
	<u>335,313</u>	<u>344,172</u>
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) FOR THE YEAR BEFORE EXTRAORDINARY ITEM	174,993	(51,589)
Extraordinary item - Oil spill clean-up	<u>-</u>	<u>(43,432)</u>
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	174,993	(95,021)
Deficit at beginning of year	<u>(921,369)</u>	<u>(826,348)</u>
DEFICIT AT END OF YEAR	<u>(746,376)</u>	<u>(921,369)</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS For the year ended April 30, 2004

	2004	2003
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	1,878,836	1,694,305
Cash paid to suppliers and employees	(2,206,510)	(2,190,571)
Interest received	1,317	930
Interest paid	(95,787)	(100,916)
	<u>(422,144)</u>	<u>(596,252)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(31,257)	(76,867)
Proceeds on disposal of property, plant and equipment	-	950
	<u>(31,257)</u>	<u>(75,917)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of capital lease obligations	(74,879)	(90,655)
Decrease (increase) in due from Marble Mountain Management Corporation	(5,072)	8,330
Operating grant	525,000	400,000
Marketing grant	50,000	-
2005 operating grant received in advance	400,000	-
	<u>895,049</u>	<u>317,675</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	441,648	(354,494)
Cash and cash equivalents at beginning of year (note)	<u>(1,992,301)</u>	<u>(1,637,807)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (note)	<u>(1,550,653)</u>	<u>(1,992,301)</u>

Note to the statement of cash flows

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments. Cash and cash equivalents included in the statement of cash flows comprise the following balance sheet amounts:

	2004	2003
	\$	\$
Cash	13,484	9,905
Bank indebtedness	<u>(1,564,137)</u>	<u>(2,002,206)</u>
	<u>(1,550,653)</u>	<u>(1,992,301)</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended April 30, 2004

GENERAL

The Corporation is a "Non-Profit Development Corporation" incorporated under the *Corporations Act* of Newfoundland and Labrador. Its affairs are managed by a Board of Directors appointed by the Lieutenant Governor in Council. The Province of Newfoundland and Labrador holds 100% of the issued common shares.

The principal business activity of the Corporation is managing and controlling the operations of the area known as the Marble Mountain Development area.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inventory

Inventory is recorded at the lower of cost and net realizable value.

Property, plant and equipment

Property, plant and equipment purchased by the Corporation are stated at cost. Donated assets are recorded at their estimated fair market value. No provision for amortization of property, plant and equipment is recorded in the financial statements of the Corporation.

Government assistance and other contributions

Government grants and other contributions related to the acquisition of property, plant and equipment are recorded as deferred credits. The deferred credits related to the acquisition of property, plant and equipment have not been amortized. Government assistance and other contributions related to property, plant and equipment retired from use are credited against the property, plant and equipment in the year of retirement.

Government grants related to operations are recorded as revenue or as a reduction of the expense to which the grant relates.

Accounting estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimated.

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

For the year ended April 30, 2004

1. ACCOUNTS RECEIVABLE

	<u>2004</u>	<u>2003</u>
	\$	\$
Trade	144,027	178,191
Harmonized Sales Tax receivable	<u>2,778</u>	<u>8,691</u>
	<u>146,805</u>	<u>186,882</u>

2. PROPERTY, PLANT AND EQUIPMENT

	<u>2004</u>	<u>2003</u>
	\$	\$
Snowmaking – water intake system	<u>1,624,229</u>	<u>1,624,229</u>
Buildings		
Maintenance building	413,919	411,403
Day Lodge	6,902,974	6,893,172
Buildings – other	116,641	116,641
Condominium	<u>3,157,617</u>	<u>3,154,947</u>
	<u>10,591,151</u>	<u>10,576,163</u>
Equipment		
Snowmaking	4,359,522	4,351,722
Chairlifts	2,318,412	2,318,412
Snowgroomers	601,602	601,602
T-bars/platter lift	120,824	120,824
Ski rental	265,342	278,643
Racing	64,127	64,127
Detachable quad lift	<u>2,302,738</u>	<u>2,302,738</u>
	<u>10,032,567</u>	<u>10,038,068</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

For the year ended April 30, 2004

2. PROPERTY, PLANT AND EQUIPMENT (Continued)

	<u>2004</u>	<u>2003</u>
	\$	\$
Other		
Heritage tree	120,856	120,856
Motor vehicles	43,946	43,946
Slopes, roads and parking lots	8,345,166	8,345,166
Furniture and equipment	637,567	659,387
Land assembly	1,870,356	1,870,356
Equipment under capital lease	464,654	464,654
Snowboard park	34,822	34,822
Playground equipment	23,965	23,965
Walking trails	89,426	89,426
	<u>11,630,758</u>	<u>11,652,578</u>
	<u>33,878,705</u>	<u>33,891,038</u>

3. BANK INDEBTEDNESS

	<u>2004</u>	<u>2003</u>
	\$	\$
Outstanding cheques in excess of funds on deposit	27,714	50,391
Line of credit	<u>1,536,423</u>	<u>1,951,815</u>
	<u>1,564,137</u>	<u>2,002,206</u>

The line of credit is authorized in the amount of \$2,100,000 and bears interest at the rate of bank prime less .5%. It is secured by a Provincial Government guarantee and letter of indemnity and overdraft agreement signed by the Board of Directors.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2004</u>	<u>2003</u>
	\$	\$
Trade	319,200	433,496
Payroll deductions payable	<u>39,481</u>	<u>16,422</u>
	<u>358,681</u>	<u>449,918</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

For the year ended April 30, 2004

5. OBLIGATIONS UNDER CAPITAL LEASES

The following is a schedule of future minimum lease payments under capital leases expiring in the year 2006, together with the present balance of the obligations under the capital leases.

	<u>2004</u>	<u>2003</u>
Future minimum lease payments due for the years ending April 30,	\$	\$
2004	-	91,716
2005	83,466	83,466
2006	46,928	46,928
	<u>130,394</u>	<u>222,110</u>
Less: Amount representing interest (22%)	9,262	26,099
	<u>121,132</u>	<u>196,011</u>
Less: Current portion - obligations under capital leases	80,632	74,904
	<u>40,500</u>	<u>121,107</u>

6. LONG-TERM DEBT

	<u>2004</u>	<u>2003</u>
	\$	\$
Department of Innovation, Trade and Rural Development loan, non-interest bearing and repayable in annual installments based on 20% of available cash flow. Due 2015.	<u>300,000</u>	<u>300,000</u>

The above long-term debt is secured by chattel mortgage on specific equipment. Long-term debt repayments required to meet retirement provisions are based on available cash flow which is defined as net profit plus amortization less principal payments on long-term debt and capital leases. In the current year, there is no available cash flow, therefore no repayment is due. The Corporation has until 2015 to repay the loan in full.

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

For the year ended April 30, 2004

7. GOVERNMENT ASSISTANCE AND OTHER CONTRIBUTIONS - CAPITAL

The Corporation has recorded government grants and other contributions related to the acquisition of capital assets as deferred credits.

	2004	2003
	\$	\$
Tourism Development Subsidiary Agreement	2,499,000	2,499,000
Province of Newfoundland and Labrador		
Department of Municipal and Provincial Affairs	560,167	560,167
Department of Tourism and Culture	13,671,934	13,671,934
Department of Employment and Labour Relations	21,200	21,200
Department of Innovation, Trade and Rural Development	2,732,512	2,732,512
Department of Finance	3,056,696	3,056,696
Atlantic Canada Opportunities Agency	8,377,562	8,377,562
Government of Canada		
Department of Industry, Science and Technology	44,395	44,395
Department of Employment and Immigration	5,000	5,000
Natural Resources Canada/Mining Sector	1,727,000	1,727,000
Department of Public Works and Government Services	315,721	315,721
Marble Mountain Ski Club	2,099,114	2,099,114
1999 Canada Winter Games Host Society	83,265	83,265
Heritage Tree Committee	1,074	1,074
	35,194,640	35,194,640
Less amount related to capital assets retired from service or sold	(2,811,930)	(2,811,930)
	<u>32,382,710</u>	<u>32,382,710</u>

8. GOVERNMENT ASSISTANCE AND OTHER CONTRIBUTIONS - OPERATIONS

Province of Newfoundland and Labrador - Operating grants

- (a) For the year ended April 30, 2004, an administrative operating grant in the amount of \$525,000 (2003 - \$400,000) was approved and received.
- (b) For the year ended April 30, 2004, a marketing grant in the amount of \$50,000 (2003 - nil) was approved and received from the Department of Tourism.

The above contributions are subject to the terms and conditions as outlined in the applicable contribution agreements.

9. SHARE CAPITAL

The Province of Newfoundland and Labrador holds 100% of the issued common shares of the Corporation.

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

For the year ended April 30, 2004

10. INCOME TAXES

The Corporation is a non-profit corporation wholly owned by the Province of Newfoundland and Labrador and as such is not subject to Federal or Provincial income taxes under the Canadian Income Tax Act.

11. CONTINGENT LIABILITY

As at April 30, 2004, a supplier had claimed that the Corporation owed it approximately \$70,005 for services rendered. The Corporation's management feels that the claim is unfounded and the likelihood of any loss resulting therefrom is undeterminable. Therefore, the Corporation has not recorded in its accounts any provision for losses that may result from the claim.

12. RELATED PARTY TRANSACTIONS

As at April 30, 2004, the Corporation was owed \$196,410 (2003 - \$191,338) from Marble Mountain Management Corporation. This receivable relates to the balance outstanding as a result of labour services provided, cash transfers, equipment rental and the transfer of operating assets.

During the year ended April 30, 2004, a management fee was paid to the Chairperson of the Board of Directors in the amount of \$5,410 (2003 - \$54,145). In addition, directors' fees of \$6,132 (2003 - \$9,763) were paid in total to the Board of Directors of the Corporation.

13. PROPERTY, PLANT AND EQUIPMENT RETIRED FROM SERVICE

During the year the Corporation retired property, plant and equipment that were no longer required in the operation. Since the corporation does not amortize its property, plant and equipment, the original cost of the property, plant and equipment retired from use has been charged to operations.

14. FINANCIAL INSTRUMENTS

The Corporation's financial instruments consist of cash, accounts receivable, due from Marble Mountain Management Corporation, bank indebtedness, accounts payable and accrued liabilities, deferred revenue, obligations under capital leases, and long-term debt. Unless otherwise noted, it is management's opinion that the entity is not exposed to significant currency or credit risks from these financial instruments. However, the entity is exposed to interest rate risk on its operating line of credit. The interest rate is variable and is subject to interest rate volatility. The fair values of these financial instruments approximates their carrying values unless otherwise noted.

15. COMPARATIVE FIGURES

Certain 2003 comparative figures have been reclassified to conform with the financial statement presentation adopted for 2004.

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

SCHEDULE I
STATEMENT OF REVENUE AND EXPENDITURES - LIFT OPERATIONS
For the year ended April 30, 2004

	2004	2003
	\$	\$
REVENUE		
Lift tickets	421,616	386,044
Season passes	306,634	248,608
Tenant - revenue	11,997	12,048
Children's centre	8,714	7,453
Other	3,187	2,965
Facilities rental	<u>9,863</u>	<u>2,291</u>
	<u>762,011</u>	<u>659,409</u>
EXPENDITURES		
Management contract	74,250	74,250
Snowmaking		
Electricity	84,350	84,839
Labour services	36,354	22,984
Equipment maintenance	12,901	12,482
Water intake study	-	873
Snowgun rental	10,500	10,500
Vehicle operating		
Repairs	9,698	6,447
Fuel	39,737	38,921
Lift repairs	81,404	69,746
Maintenance		
Equipment	130	2,871
Building	41,681	27,517
Slopes	18,861	5,016
Labour services	258,242	242,776
Heating and electricity	83,834	80,697
Insurance	140,089	108,689
Ski patrol	63,430	61,883
Supplies	22,120	20,997
Municipal fees	17,500	17,503
Interest and bank charges	17,003	16,809
Security	360	479
Children's centre	12,488	9,056
Miscellaneous	9,813	12,278
Snowclearing	10,148	7,295
Communications	11,681	10,617
Uniforms	-	1,898
Special Events	<u>7,476</u>	<u>11,203</u>
	<u>1,064,050</u>	<u>958,626</u>
EXCESS OF EXPENDITURES OVER REVENUE	<u>(302,039)</u>	<u>(299,217)</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

SCHEDULE II

STATEMENT OF REVENUE AND EXPENDITURES - RENTAL AND REPAIR SHOP

For the year ended April 30, 2004

	2004	2003
	\$	\$
REVENUE	<u>155,054</u>	<u>155,818</u>
EXPENDITURES		
Labour services	42,440	47,115
Supplies	2,253	3,296
Miscellaneous	522	1,803
Communications	365	480
Equipment rental	400	9,222
Cost of property, plant and equipment retired from service during the year (note 13)	<u>19,740</u>	<u>-</u>
	<u>65,720</u>	<u>61,916</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>89,334</u>	<u>93,902</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

SCHEDULE III
STATEMENT OF REVENUE AND EXPENDITURES - CAFETERIA
For the year ended April 30, 2004

	2004	2003
	\$	\$
SALES	238,613	259,713
COST OF SALES	<u>117,140</u>	<u>133,435</u>
GROSS PROFIT	<u>121,473</u>	<u>126,278</u>
EXPENDITURES		
Repairs and maintenance	1,295	2,317
Miscellaneous	2,045	2,086
Supplies	6,431	10,229
Communications	620	476
Labour services	66,702	67,192
Workplace, Health and Safety Compensation Commission –		
CWR Holdings Inc. contract	<u>2,422</u>	<u>-</u>
	<u>79,515</u>	<u>82,300</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>41,958</u>	<u>43,978</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

**SCHEDULE IV
STATEMENT OF REVENUE AND EXPENDITURES - BAR
For the year ended April 30, 2004**

	2004	2003
	\$	\$
REVENUE	149,476	163,222
COST OF SALES	<u>54,638</u>	<u>62,269</u>
GROSS PROFIT	<u>94,838</u>	<u>100,953</u>
EXPENDITURES		
Entertainment	8,963	17,800
Repairs and maintenance	370	1,125
Promotions	-	8,280
Labour services	22,528	25,590
Communications	592	297
Security	1,331	4,330
Accommodations - bands	7,475	1,150
Special events	4,086	3,803
Supplies	84	500
Licenses and fees	719	1,305
Miscellaneous	-	99
	<u>46,148</u>	<u>64,279</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>48,690</u>	<u>36,674</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

SCHEDULE V
STATEMENT OF REVENUE AND EXPENDITURES - SKI SCHOOL
For the year ended April 30, 2004

	2004	2003
	\$	\$
REVENUE	95,348	115,792
EXPENDITURES		
Labour services	57,634	58,540
Uniforms	5,495	5,495
Training	1,934	3,398
Advertising	458	937
Supplies	-	154
Miscellaneous	503	603
Krunchers Club	2,393	3,516
Communications	470	395
UK Expenses	-	3,255
	68,887	76,293
EXCESS OF REVENUE OVER EXPENDITURES	26,461	39,499

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

SCHEDULE VI
STATEMENT OF REVENUE AND EXPENDITURES - EVENTS
For the year ended April 30, 2004

	2004	2003
	\$	\$
REVENUE	107,830	105,458
COST OF SALES	35,535	11,012
GROSS PROFIT	72,295	94,446
EXPENDITURES		
Catering services	-	69,142
Labour services	53,619	17,518
Maintenance	438	-
Supplies	3,295	4,172
Miscellaneous	2,919	2,346
Communications	1,285	144
	61,556	93,322
EXCESS OF REVENUE OVER EXPENDITURES	10,739	1,124

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

SCHEDULE VII
STATEMENT OF REVENUE AND EXPENDITURES - MARKETING
For the year ended April 30, 2004

	2004	2003
	\$	\$
REVENUE		
Sponsorship	30,636	25,653
Advertising	30,553	30,486
Department of Tourism, Culture and Recreation Grant (note 8(b))	50,000	-
	<u>111,189</u>	<u>56,139</u>
EXPENDITURES		
Advertising		
Television	73,901	73,323
Print	25,419	33,000
Radio	35,545	34,369
Internet	4,822	1,950
Cinema	-	15,200
Arena	-	15,308
Partnership	-	1,400
Atlantic Marketing Initiatives	4,369	5,723
UK/International marketing	-	805
Labour services	21,128	35
Communications	3,036	3,775
Complementary Villa Rooms	5,052	7,361
Membership fees	1,812	158
Travel and meetings	1,003	12
Brochures	3,771	24,947
Ski shows and familiarization tours	386	1,606
Office and postage	98	377
Supplies	1,320	119
	<u>181,662</u>	<u>219,468</u>
EXCESS OF EXPENDITURES OVER REVENUE	<u>(70,473)</u>	<u>(163,329)</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

SCHEDULE VIII

STATEMENT OF REVENUE AND EXPENDITURES - MARBLE VILLA

For the year ended April 30, 2004

	2004	2003
	\$	\$
REVENUE		
Rental revenue	<u>268,488</u>	<u>256,803</u>
EXPENDITURES		
Housekeeping	20,730	21,740
Heat and light	27,705	27,810
Repairs and maintenance	21,963	9,770
Labour services	21,205	19,262
Security	3,044	5,570
Common area expense	6,900	8,400
Insurance	7,674	6,480
Communications	5,073	6,105
Cable television	4,296	3,869
Supplies	6,541	5,383
Interest and bank charges	597	1,144
Travel	95	458
Marketing	1,521	981
Miscellaneous	681	1,393
Administration	<u>1,144</u>	<u>1,002</u>
	<u>129,169</u>	<u>119,367</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>139,319</u>	<u>137,436</u>

MARBLE MOUNTAIN MANAGEMENT
CORPORATION

AUDITED FINANCIAL STATEMENTS

April 30, 2004

SQUIRE & HYNES

Chartered Accountants

57 Park Street, P.O. Box 248

Corner Brook, Newfoundland, A2H 6C9

Tel: (709) 634-8256 Fax: (709) 639-1647 email: accountants@squirehynes.ca

AUDITORS' REPORT

To the Directors of
Marble Mountain Management Corporation

We have audited the balance sheet of Marble Mountain Management Corporation as at April 30, 2004 and the statements of revenue, expenditures and deficit and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at April 30, 2004 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

June 10, 2004

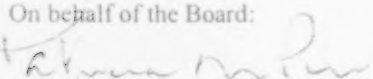
A handwritten signature in dark ink, appearing to read "Squire & Hynes", with a stylized flourish at the end.

MARBLE MOUNTAIN MANAGEMENT CORPORATION

BALANCE SHEET As at April 30, 2004

	2004	2003
ASSETS		
CURRENT ASSETS	\$	\$
Cash	5,631	559
PROPERTY, PLANT AND EQUIPMENT (note 1)	-	-
	<u>5,631</u>	<u>559</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 2)	<u>196,410</u>	<u>191,338</u>
SHAREHOLDER'S DEFICIENCY		
SHARE CAPITAL (note 3)		
Authorized and issued		
500 Common shares	1	1
DEFICIT	<u>(190,780)</u>	<u>(190,780)</u>
	<u>(190,779)</u>	<u>(190,779)</u>
	<u>5,631</u>	<u>559</u>

On behalf of the Board:

 Director

 Director

MARBLE MOUNTAIN MANAGEMENT CORPORATION

STATEMENT OF REVENUE, EXPENDITURES AND DEFICIT
For the year ended April 30, 2004

	2004	2003
	\$	\$
REVENUE		
Labour services	382,515	396,009
Other income	-	8,810
Interest income	<u>123</u>	<u>94</u>
	<u>382,638</u>	<u>404,913</u>
EXPENDITURES		
Wages and benefits	382,588	395,950
Amortization	-	8,810
Interest and bank charges	<u>50</u>	<u>153</u>
	<u>382,638</u>	<u>404,913</u>
EXCESS OF REVENUE OVER EXPENDITURES	-	-
Deficit at beginning of year	<u>(190,780)</u>	<u>(190,780)</u>
DEFICIT AT END OF YEAR	<u>(190,780)</u>	<u>(190,780)</u>

MARBLE MOUNTAIN MANAGEMENT CORPORATION

STATEMENT OF CASH FLOWS
For the year ended April 30, 2004

	2004	2003
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	382,515	404,818
Cash paid to suppliers and employees	(382,588)	(395,949)
Interest received	123	94
Interest paid	<u>(50)</u>	<u>(153)</u>
	<u>-</u>	<u>8,810</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in payable to Marble Mountain Development Corporation	<u>5,072</u>	<u>(5,282)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	5,072	3,528
Cash and cash equivalents at beginning of year (note)	<u>559</u>	<u>(2,969)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (note)	<u>5,631</u>	<u>559</u>

Note to the statement of cash flows

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments.

MARBLE MOUNTAIN MANAGEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended April 30, 2004

GENERAL

The Corporation is incorporated under the *Corporations Act* of Newfoundland and Labrador. The Province of Newfoundland and Labrador holds 100% of the issued common shares.

The principal activity of the Corporation is providing labour services for Marble Mountain Development Corporation.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property, plant and equipment

Property, plant and equipment are stated at cost. Amortization of property, plant and equipment is provided on the straight-line basis. At April 30, 2004 property, plant and equipment were fully amortized.

Government assistance and other contributions

Government grants related to operations are recorded as revenues in the year to which they pertain.

Accounting estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimated.

1. PROPERTY, PLANT AND EQUIPMENT

	2004		2003	
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Uniforms and ski suits	29,207	29,207	-	-
Ski equipment – demo	7,748	7,748	-	-
Ski equipment – rental	36,363	36,363	-	-
Other equipment	750	750	-	-
	<u>74,068</u>	<u>74,068</u>	<u>-</u>	<u>-</u>

MARBLE MOUNTAIN MANAGEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

For the year ended April 30, 2004

2. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2004</u>	<u>2003</u>
	\$	\$
Marble Mountain Development Corporation (note 5)	<u>196,410</u>	<u>191,338</u>

3. SHARE CAPITAL

The Province of Newfoundland and Labrador holds 100% of the issued common shares of the Corporation.

4. INCOME TAXES

The Corporation is a non-profit corporation wholly owned by the Province of Newfoundland and Labrador and as such is not subject to Federal or Provincial income taxes under the Canadian Income Tax Act.

5. RELATED PARTY TRANSACTIONS

As at April 30, 2004 the Corporation owed \$196,410 to Marble Mountain Development Corporation. This payable related to the balances outstanding as a result of labour services provided, cash transfers, equipment rental and transfer of operating assets.

6. FINANCIAL INSTRUMENTS

The company's financial instruments consist of cash and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the entity is not exposed to significant interest, currency or credit risks from these financial instruments. The fair values of these financial instruments approximates their carrying values, unless otherwise noted.

Multi-Materials Stewardship Board
Consolidated Financial Statements
March 31, 2004

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Members of the
Multi-Materials Stewardship Board

We have audited the consolidated statement of financial position of the **Multi-Materials Stewardship Board** at March 31, 2004, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Board as at March 31, 2004, and the consolidated results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
May 25, 2004

Grant Thornton LLP
Chartered Accountants

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Multi-Materials Stewardship Board

Consolidated Statement of Operations

Year Ended March 31

2004

2003

Revenue		
Gross revenue from deposits	\$17,232,998	\$15,990,558
Less: Harmonized Sales Tax	<u>-</u>	<u>182,435</u>
	17,232,998	15,808,123
By-product revenue	<u>1,542,128</u>	<u>1,659,287</u>
	18,775,126	17,467,410
Cost of sales	<u>13,912,905</u>	<u>12,400,895</u>
Gross margin	4,862,221	5,066,515
Miscellaneous income	<u>298,564</u>	<u>243,811</u>
Income before expenses	<u>5,160,785</u>	<u>5,310,326</u>
Expenses		
Administrative (Page 9)	2,241,132	1,920,964
Grant disbursements	<u>1,083,316</u>	<u>1,125,798</u>
	<u>3,324,448</u>	<u>3,046,762</u>
Excess of revenue over expenses	<u>\$ 1,836,337</u>	<u>\$ 2,263,564</u>

See accompanying notes to the consolidated financial statements.

Multi-Materials Stewardship Board
Consolidated Statement of Changes in
Net Assets

Year Ended March 31	2004		2003	
	Invested in Capital Assets	Unrestricted Net Assets	Total	Total
Net assets, beginning of year	\$ 369,043	\$11,165,977	\$11,535,020	\$ 9,271,456
Excess of (expenses over revenue) revenue over expenses	(131,715)	1,968,052	1,836,337	2,263,564
Investments in capital assets	193,562	(193,562)	-	-
Net assets, end of year	\$ 430,890	\$12,940,467	\$13,371,357	\$11,535,020

See accompanying notes to the consolidated financial statements.

Multi-Materials Stewardship Board Consolidated Statement of Financial Position

March 31 2004 2003

Assets

Current

Cash and cash equivalents	\$13,573,714	\$12,454,215
Receivables (Note 4)	1,570,193	1,294,204
Inventories	160,870	88,450
Prepays	40,744	62,332
	15,345,521	13,899,201

Property and equipment (Note 5)	430,890	369,043
	<u>\$15,776,411</u>	<u>\$14,268,244</u>

Liabilities

Current

Payables and accruals	\$ 552,413	\$ 356,307
Grants payables	174,630	940,643
Unearned revenue (Note 3g)	1,205,122	1,301,274
	1,932,165	2,598,224

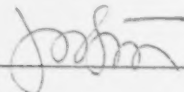
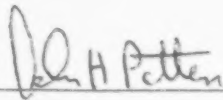
Performance bonds payable	472,889	135,000
	<u>2,405,054</u>	<u>2,733,224</u>

Net Assets

Net assets invested in capital assets	430,890	369,043
Unrestricted net assets	12,940,467	11,165,977
	13,371,357	11,535,020
	<u>\$15,776,411</u>	<u>\$14,268,244</u>

Commitments (Note 7)

On behalf of the Board

 Chairperson  Treasurer

See accompanying notes to the consolidated financial statements.

Multi-Materials Stewardship Board

Consolidated Statement of Cash Flows

Year Ended March 31

2004

2003

Increase (decrease) in cash and cash equivalents

Operating		
Excess of revenue over expenses	\$ 1,836,337	\$ 2,263,564
Depreciation	<u>131,715</u>	<u>111,693</u>
	1,968,052	2,375,257
Change in non-cash operating working capital (Note 6)	<u>(992,880)</u>	<u>290,340</u>
	<u>975,172</u>	<u>2,665,597</u>
Financing		
Increase in performance bonds payable	<u>337,889</u>	<u>135,000</u>
Investing		
Purchase of property and equipment	<u>(193,562)</u>	<u>(155,670)</u>
Net increase in cash and cash equivalents	1,119,499	2,644,927
Cash and cash equivalents		
Beginning of year	<u>12,454,215</u>	<u>9,809,288</u>
End of year	<u>\$13,573,714</u>	<u>\$12,454,215</u>

See accompanying notes to the consolidated financial statements.

Multi-Materials Stewardship Board

Notes to the Consolidated Financial Statements

March 31, 2004

1. Nature of operations

The Multi-Materials Stewardship Board is a statutory corporation established pursuant to The Environmental Protection Act. This Board manages the Used Beverage Container Deposit Refund System, the Used Tire Recycling Program and the Waste Management Trust Fund in the Province of Newfoundland and Labrador and is mandated to support and promote the protection, enhancement and wise use of the environment through waste management programs.

The corporation is exempt from income taxes under Section 149(1)(d) of the Canadian Income Tax Act.

2. Basis of consolidation

These consolidated financial statements include the accounts of the Multi-Materials Stewardship Board and the Multi-Materials Stewardship Board Waste Management Trust Fund.

The Multi-Materials Stewardship Board Waste Management Trust Fund is a restricted fund, managed by the Board, and its accounts have been grouped in these financial statements for consolidated purposes. Separate audited financial statements have been issued for this restricted fund, with an audit report date of May 17, 2004.

3. Summary of significant accounting policies

(a) Fund accounting

Fund accounting is generally accepted as the basis of accounting for public sector organizations. A summary of significant accounting policies relating to fund accounting is as follows:

- i) capital assets are recorded at cost;
- ii) capital additions financed from the unrestricted funds are included in the net assets invested in capital assets account; and
- iii) depreciation of capital assets is included in the net assets invested in capital assets account.

(b) Use of estimates

In preparing the Board's consolidated financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Multi-Materials Stewardship Board

Notes to the Consolidated Financial Statements

March 31, 2004

3. Summary of significant accounting policies (cont'd)

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of one year or less.

(d) Revenue recognition

Deposit revenue is recognized when remittances are collected plus an estimated accrual based on subsequent receipts.

By product revenue is recognized upon shipment and when all significant contractual obligations have been satisfied and collection is reasonably assured.

Miscellaneous income is recognized as earned.

(e) Inventories

Inventories are valued at the lower of cost and net realizable value.

(f) Depreciation

Rates and bases of depreciation applied to write-off the cost of property and equipment over their estimated lives are as follows:

Leasehold improvements	20%, straight line
Office furniture and equipment	20%, declining balance
Computer hardware	30%, declining balance
Computer software	30%, declining balance
Bags and tubs	30%, declining balance
Vehicle	30%, declining balance

(g) Unearned revenue

Unearned revenue consists of deposits on containers yet to be returned for redemption and recycling. The amount recorded by the Board as unearned revenue consists of sixty days of deposits received from distributors, adjusted by an estimated recovery rate of 68% (March 31, 2003 - 68%).

4. Receivables	<u>2004</u>	<u>2003</u>
Deposits	\$ 1,483,909	\$ 1,245,267
Trade and other	<u>86,284</u>	<u>48,937</u>
	<u>\$ 1,570,193</u>	<u>\$ 1,294,204</u>

Multi-Materials Stewardship Board

Notes to the Consolidated Financial Statements

March 31, 2004

5. Property and equipment		<u>2004</u>		<u>2003</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold Improvements	\$ 26,160	\$ 8,888	\$ 17,272	\$ 8,764
Office furniture and equipment	51,845	27,745	24,100	21,023
Computer hardware	205,344	101,699	103,645	111,144
Computer software	141,392	69,122	72,270	91,179
Bags and tubs	263,758	64,490	199,268	116,454
Vehicle	24,093	9,758	14,335	20,479
	<u>\$ 712,592</u>	<u>\$ 281,702</u>	<u>\$ 430,890</u>	<u>\$ 369,043</u>

6. Supplemental cash flow information		<u>2004</u>	<u>2003</u>
Change in non-cash operating working capital			
Receivables		\$ (275,989)	\$ 875,428
Inventories		(72,420)	34,550
Prepays		21,588	(2,466)
Payables and accruals		196,106	(456,600)
Grants payable		(766,013)	(260,675)
Unearned revenue		(96,152)	100,103
		<u>\$ (992,880)</u>	<u>\$ 290,340</u>

7. Commitments

The Board is committed to the following minimum annual rent payments for office space for the next two years: 2005 - \$177,531; and 2006 - \$128,936.

The Board is committed to the following minimum annual lease payments for equipment for the next two years: 2005 - \$2,870; and 2006 - \$808.

The Board has entered into an agreement for processing and transportation of beverage containers to March 2009.

The Board has also entered into an agreement for used tire recycling services to November 2007 (however, subsequent to March 31, 2004 this agreement was cancelled and the Board assumed interim responsibility for the used tire recycling services).

8. Financial instruments

Fair values of financial instruments are disclosed in the notes to the financial statements when they differ from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their fair values.

Multi-Materials Stewardship Board **Consolidated Schedule of Administrative** **Expenses**

Year Ended March 31	2004	2003
Advertising	\$ 2,811	\$ 34,716
Depreciation	131,715	111,693
Directors' remuneration	57,240	32,935
Dues, licenses and education	16,451	13,953
Equipment rental	15,495	14,001
Insurance	9,407	10,331
Interest and bank charges	8,425	6,098
Marketing and communications	631,990	685,625
Meetings and entertainment	9,883	5,296
Miscellaneous	7,488	4,261
Professional fees	175,227	106,644
Rent	65,569	67,011
Repairs and maintenance	48,818	11,912
Rocaps supplies	51,177	56,737
Stationery and office supplies	31,493	31,694
Sponsorship	4,117	6,447
Telecommunications	26,296	21,615
Travel – board and staff	94,337	72,854
Vehicle operating	17,516	6,727
Wages and benefits	835,677	620,414
	<u>\$ 2,241,132</u>	<u>\$ 1,920,964</u>

**MUNICIPAL ASSESSMENT
AGENCY INC.**

FINANCIAL STATEMENTS
Year ended March 31, 2004

JOHN F. MORGAN

Chartered Accountant
Suite 901, TD Place, 140 Water Street
St. John's, NF A1C 6H6
Office: (709) 576-6776
Fax: (709) 576-6777

AUDITORS' REPORT

To the Shareholder of
Municipal Assessment Agency Inc.

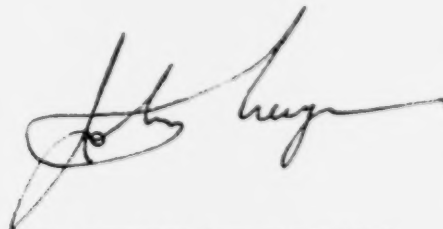
We have audited the balance sheet of Municipal Assessment Agency Inc. as at March 31, 2004 and the statements of revenue, expenses and equity and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.

An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2004 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

St. John's, Newfoundland
May 6, 2004



CHARTERED ACCOUNTANT

MUNICIPAL ASSESSMENT AGENCY INC.

BALANCE SHEET

AS AT MARCH 31, 2004

ASSETS		2004	2003
CURRENT			
Cash	\$	630,290	\$ 878,175
Accounts receivable (note 2)		123,533	178,148
Prepaid expenses		60,082	67,431
		813,905	1,123,754
Long-term receivables (note 3)		19,845	45,921
Severance reserve fund (note 4)		644,831	614,583
Capital assets (note 5)		396,713	486,608
	\$	1,875,294	\$ 2,270,866

LIABILITIES AND SHAREHOLDER'S EQUITY

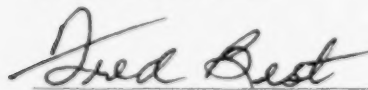
CURRENT			
Accounts payable and accrued liabilities	\$	86,902	\$ 82,169
Accrued vacation pay (note 6)		185,713	169,403
Deferred contributions - operating (note 7)		4,180	6,270
		276,795	257,842
Accrued severance pay (note 6)		644,831	614,177
Deferred contributions - capital (note 8)		109,569	153,551
		1,031,195	1,025,570

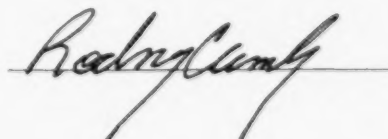
SHAREHOLDER'S EQUITY

Capital			
Authorized and issued			
1 Common share		1	1
Equity from operations		844,098	1,245,295
		844,099	1,245,296
	\$	1,875,294	\$ 2,270,866

Commitments and contingencies (note 6)

On behalf of the board:





MUNICIPAL ASSESSMENT AGENCY INC.

STATEMENT OF REVENUES, EXPENSES AND EQUITY

FOR THE YEAR ENDED MARCH 31, 2004

	2004	2003
REVENUES:		
Assessment services	\$ 3,823,403	\$ 3,787,285
Valuation revenue	9,139	4,643
Interest revenue	44,333	41,322
Other revenue	-	11,418
	3,876,875	3,844,668
EXPENSES:		
Salaries	2,599,129	2,459,718
Benefits	460,606	423,699
Travel	291,438	278,633
Information technology	239,302	218,052
Premises and equipment lease	182,100	181,113
Postage and courier	88,886	87,865
Professional fees	72,355	45,225
Telephone	65,703	50,876
Office supplies	36,986	41,360
Printing	29,639	29,153
Advertising and public relations	26,192	28,404
Insurance	10,840	10,973
Payroll processing	3,895	5,282
Staff training	2,444	15,233
Bank charges	1,141	807
Bad debt	703	-
	4,111,359	3,876,393
Excess of expenses over revenues before the following	(234,484)	(31,725)
Provision for severance and vacation pay (note 6)	61,227	75,276
Amortization of deferred contributions (note 8)	(43,982)	(62,088)
Amortization of capital assets	149,468	186,602
Excess of expenses over revenues	(401,197)	(231,515)
Equity from operations, beginning of year	1,245,295	1,476,810
Equity from operations, end of year	\$ 844,098	\$ 1,245,295

MUNICIPAL ASSESSMENT AGENCY INC.

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED MARCH 31, 2004

	2004	2003
Operating activities:		
Excess of expenses over revenues	\$ (401,197)	\$ (231,515)
Items not affecting cash:		
Amortization of capital assets	149,468	186,602
Amortization of deferred contributions	(43,982)	(62,088)
Increase in long-term receivable	26,076	6,527
Increase in severance pay accrual	30,654	59,783
Increase in vacation pay accrual	16,309	15,493
Increase (decrease) in deferred contributions - operating	(2,090)	6,270
Net change in non-cash working capital balance	66,698	112,665
Cash provided by operating activities	(158,064)	93,737
Investing activities:		
Purchase of capital assets	(59,573)	(63,986)
Increase (decrease) in cash position	(217,637)	29,751
Cash position, beginning of year	1,492,758	1,463,007
Cash position, end of year	\$ 1,275,121	\$ 1,492,758
Cash is represented by:		
Operating cash	\$ 630,290	\$ 878,175
Severance reserve fund	644,831	614,583
	\$ 1,275,121	\$ 1,492,758

MUNICIPAL ASSESSMENT AGENCY INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2004

General:

Effective April 2, 1997, the Municipal Assessment Agency Inc. (the "Corporation") was incorporated under the laws of the Province of Newfoundland and Labrador to carry out assessment services for various municipalities throughout the Province of Newfoundland and Labrador pursuant to the Assessment Act. Prior to this date, these services were performed by the Department of Municipal and Provincial Affairs, Government of Newfoundland and Labrador (the "Department").

The Corporation has one common share with a par value of \$1.00 issued to the Minister of Municipal and Provincial Affairs, Government of Newfoundland and Labrador.

The Corporation is a crown corporation and, accordingly, is exempt from income taxes under Subsection 149(1)(d) of the Income Tax Act.

1. Summary of significant accounting policies:

The financial statements of the Corporation have been prepared within the framework of generally accepted accounting principles which require the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the Corporation are as follows:

(a) Capital assets

Capital assets are purchased by the Corporation are recorded at cost. Amortization is recorded on a declining balance basis over the assets estimated useful lives at the following rates:

Furniture and equipment	20%
Computer hardware and software	30%
Integrated assessment system	30%

The Corporation is currently using furniture, equipment and computers provided by the Department. As title to these assets have not been transferred to the Corporation, they have not been recorded in the accounts.

(b) Revenue recognition

Government assistance related to acquisition of capital assets is deferred and amortized to income on the same basis as the related capital assets are amortized.

Revenue for the provision of assessment and valuation services is recognized when the services are rendered.

MUNICIPAL ASSESSMENT AGENCY INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2004

1. Summary of significant accounting policies (continued):

(c) Accrued severance pay

Severance pay is accounted for on an accrued basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continued service and accrues to a maximum of twenty years and, accordingly, no provision has been made in the accounts for employees with less than nine years of continued service. The amount is payable when the employee ceases employment with the Corporation. The cash amount of the accrued severance pay is segregated into a severance reserve fund.

(d) Redundancy pay

Redundancy pay is recognized as a liability when it is probable that employees will be entitled to benefits and the amount can be reasonably estimated.

2. Accounts receivable:

	<u>2004</u>	<u>2003</u>
Trade receivables	\$ 183,045	\$ 236,489
Accrued interest	2,434	3,110
HST recoverable	24,597	13,024
Allowance for doubtful accounts	<u>(86,545)</u>	<u>(74,475)</u>
	<u>\$ 123,531</u>	<u>\$ 178,148</u>

3. Long-term receivable

The Agency has entered into a contract with several of its customers to receive payment on the outstanding amounts over a period from two to four years, provided all future fees are paid on a current basis.

4. Severance reserve fund:

The Corporation has segregated funds for the accrued severance pay liability. The segregated funds are held in an interest bearing account at prime less 2%. The Corporation has internally restricted these funds to be used to pay any accrued severance and not to be used in normal business operations.

MUNICIPAL ASSESSMENT AGENCY INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2004

5. Capital assets:

	2004		2003	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware and software	\$ 320,200	\$ 209,820	\$ 110,380	\$ 105,525
Furniture and equipment	127,247	68,557	58,690	55,879
Integrated assessment system	<u>1,101,632</u>	<u>873,989</u>	<u>227,643</u>	<u>325,204</u>
	<u>\$ 1,549,079</u>	<u>\$ 1,152,366</u>	<u>\$ 396,713</u>	<u>\$ 486,608</u>

6. Severance and vacation pay:

As at the time of incorporation, the Corporation assumed liabilities for severance pay, vacation and accrued overtime associated with employees transferred to the Corporation resulting in an opening deficit in the amount of \$366,950. During fiscal 2001, an agreement was reached with the province to fund this liability by a payment of \$160,000, which represented the present value of the liability as calculated by management.

The provision for severance and vacation pay consists of the following:

Severance pay	2004	2003
Opening balance	\$ 614,177	\$ 554,394
Provision for severance pay	<u>30,654</u>	<u>59,783</u>
Closing balance	<u>\$ 644,831</u>	<u>\$ 614,177</u>
 Vacation pay	 2004	 2003
Opening balance	\$ 169,403	\$ 153,910
Provision for vacation pay	<u>16,310</u>	<u>15,493</u>
Closing balance	<u>\$ 185,713</u>	<u>\$ 169,403</u>

7. Deferred Contributions Operating:

To defer credits under a long term service contract and recognize as revenue of the next three year life of the contract.

MUNICIPAL ASSESSMENT AGENCY INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2004

8. Deferred Contributions - Capital:

The Corporation received Government funding in prior years that was deferred for future operating expenses and capital expenditures. During the year, the Corporation recognized the following deferred contributions.

	<u>2004</u>	<u>2003</u>
Opening balance	\$ 153,551	\$ 215,639
Capital contribution recognized	<u>43,982</u>	<u>62,088</u>
Closing balance	<u>\$ 109,569</u>	<u>\$ 153,551</u>

**NEWFOUNDLAND AND LABRADOR
ARTS COUNCIL**

FINANCIAL STATEMENTS

31 MARCH 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

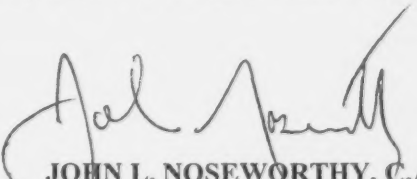
AUDITOR'S REPORT

To the Members
Newfoundland and Labrador Arts Council
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Arts Council as at 31 March 2004 and the statement of revenues, expenses and surplus for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at 31 March 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.



JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
22 June 2004

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL

BALANCE SHEET

31 March

2004

2003

ASSETS

Current

Cash	\$ 15,460	\$ 18,174
Short term investments, at cost	-	350
Accounts receivable (Note 2)	36,865	58,558
Prepaid expenses	1,846	778

54,171 77,860

Capital assets

Furniture, fixtures and equipment	83,357	83,357
Less: Expensed in year of acquisition	(79,442)	(79,442)
Contributions to capital assets	(3,915)	(3,915)

Arts Fund assets (Note 3) 146,933 142,524

\$ 201,104 \$ 220,384

LIABILITIES AND EQUITY

Current

Accounts payable and accrued liabilities	\$ 50,174	\$ 45,539
Deferred revenue (Note 4)	2,430	19,316

52,604 64,855

Equity

Surplus from operations	1,567	13,005
Arts Fund (Note 3)	146,933	142,524

148,500 155,529

\$ 201,104 \$ 220,384

See accompanying notes

Signed on behalf of the Council:

Maxine Stanley

Chairperson

Reginald Winsor

Member

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
STATEMENT OF REVENUES, EXPENSES AND SURPLUS
For the Year Ended 31 March

2004

2003

	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
REVENUES			
Province of Newfoundland and Labrador			
Project grant	\$ 494,700	\$ 494,700	\$ 488,100
Sustaining grant	250,000	250,000	250,000
Projects (Note 5)	327,546	329,369	438,112
Interest	883	1,000	1,544
	<u>1,073,129</u>	<u>1,075,069</u>	<u>1,177,756</u>
EXPENSES			
Grants awarded			
Sustaining grants	250,000	250,000	250,000
Project	246,670	247,000	260,000
Professional Artists Travel Fund grants	13,000	14,000	9,995
Labrador initiative	7,500	7,500	6,554
	<u>517,170</u>	<u>518,500</u>	<u>526,549</u>
Projects (Note 6)	345,888	347,369	440,112
Operating expenses (Note 7)	221,509	222,205	215,950
	<u>1,084,567</u>	<u>1,088,074</u>	<u>1,182,611</u>
Excess of expenses over revenues	(11,438)	(13,005)	(4,855)
Surplus from operations, beginning of year	13,005	13,005	17,860
Surplus from operations, end of year	\$ 1,567	\$ -	\$ 13,005

See accompanying notes

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
31 March 2004

Authority

The Newfoundland and Labrador Arts Council (the Council) operates under the authority of the *Arts Council Act* of the Province of Newfoundland and Labrador. The Council has the responsibility of fostering and promoting the study and enjoyment of and the production of works in the arts. The Council consists of twelve members appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Council's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. The Council does not prepare a statement of cash flows since the changes in cash flows are readily apparent from the other statements. Outlined below is the significant accounting policy followed.

Capital assets

All capital assets are recorded at cost at the time of acquisition. Any contributions received toward the purchase of capital assets are recorded as a reduction in the cost of those assets. The cost of other capital asset additions for which no contributions are received are considered minor and are charged to expenses in the year of acquisition. Capital assets consist of computers and furniture and office equipment. Capital asset purchases over the past few years have been minor and any difference between the amount amortized based upon estimated useful life and that expensed by the Council is not material.

2. Accounts receivable

	<u>2004</u>	<u>2003</u>
Harmonized Sales Tax	\$ 21,865	\$ 15,296
Other	15,000	43,262
	<u>\$ 36,865</u>	<u>\$ 58,558</u>

3. Arts Fund

The Arts Fund was created pursuant to Section 9 of the *Arts Council Act*. The principal of the Fund is to be kept intact and only the interest earned on the invested principal may be disbursed, at the discretion of the Council, to foster and promote the study, enjoyment and production of works in the arts. This Fund is comprised of monies received from the Consolidated Revenue Fund of the Province of Newfoundland and Labrador and from gifts and bequests received without terms. Interest earned on the Fund is held in trust in the Fund until it is withdrawn. For the year ended 31 March 2004 interest of \$4,409 (2003 - \$ 3,541) has been earned through investment of the Fund.

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
31 March 2004

3. Arts Fund (cont.)

The Fund is comprised of monies received from:

	<u>2004</u>	<u>2003</u>
Province of Newfoundland and Labrador	\$ 40,000	\$ 40,000
Gifts and bequests as per Section 12(2) of the <i>Arts Council Act</i>	10,352	10,352
	<u>50,352</u>	<u>50,352</u>
Interest , beginning of year	92,172	88,631
Interest earned	4,409	3,541
	<u>96,581</u>	<u>92,172</u>
	<u>\$ 146,933</u>	<u>\$ 142,524</u>

At 31 March 2004, the Fund consists of investments of \$146,933. At 31 March 2003, the Fund consisted of investments of \$82,056 and cash of \$60,468.

4. Deferred revenue

Deferred revenue represents revenue relating to future operating periods. The revenue will be reported in the applicable future period to which it relates.

	<u>2004</u>	<u>2003</u>
Aliant Cultural Innovations Fund	\$ -	\$ 8,227
Arts Smarts	607	5,004
CEDA Senior Artists Research and Development Program	-	3,417
Winterset Award	1,823	2,668
	<u>\$ 2,430</u>	<u>\$ 19,316</u>

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
31 March 2004

5. Revenues - Projects

	2004		2003
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
Aliant Cultural Innovations Fund	\$ 128,227	\$ 128,227	\$ 116,442
Arts Smarts	117,097	117,097	107,148
Atlantic Scene	38,500	38,500	-
CEDA Senior Artists Research and Development Program	18,417	18,417	173,328
Winterset Award	13,845	15,668	12,495
Arts awards	6,500	6,500	-
HRDC - Summer Career Placement Program	1,860	1,860	1,781
Cultural Human Resources Council Internship	1,600	1,600	6,400
Larry Jackson Award	1,000	1,000	-
Rhonda Payne Award	500	500	-
Newfoundland and Labrador Association of Technology Industries Internship	-	-	8,562
ACOA/ERA marketing	-	-	6,725
Graduate Employment Program	-	-	5,231
	\$ 327,546	\$ 329,369	\$ 438,112

6. Expenses - Projects

	2004		2003
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
Aliant Cultural Innovations Fund	\$ 128,227	\$ 128,227	\$ 116,442
Arts Smarts	117,097	117,097	107,148
Atlantic Scene	38,500	38,500	-
Arts awards	24,842	24,500	2,000
CEDA Senior Artists Research and Development Program	18,417	18,417	173,328
Winterset Award	13,845	15,668	12,495
HRDC - Summer Career Placement Program	1,860	1,860	1,781
Cultural Human Resources Council Internship	1,600	1,600	6,400
Larry Jackson Award	1,000	1,000	-
Rhonda Payne Award	500	500	-
Newfoundland and Labrador Association of Technology Industries Internship	-	-	8,562
ACOA/ERA marketing	-	-	6,725
Graduate Employment Program	-	-	5,231
	\$ 345,888	\$ 347,369	\$ 440,112

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
31 March 2004

7. Operating expenses

	2004		2003
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
Salaries and employee benefits	\$ 176,100	\$ 176,300	\$ 167,248
Travel and Council meetings	13,953	14,500	16,428
Office and postage	11,428	11,800	12,450
Project evaluating fees	8,922	9,000	8,950
Miscellaneous	3,587	3,805	3,342
Telephone	2,945	3,000	2,782
Advertising	2,774	2,000	2,164
Professional services	1,800	1,800	1,800
Capital asset expenses	-	-	786
	\$ 221,509	\$ 222,205	\$ 215,950

8. Related party transactions

The Council leases office space from the Province of Newfoundland and Labrador at an annual rate of \$1.

9. Pensions

Council staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Council and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Council's share of pension contributions for 2004 was \$9,757 (2003 - \$9,169).

10. Economic dependence

As a result of the Council's reliance on Provincial funding, the Council's ability to continue viable operations is dependent upon the decisions of the Province.

11. Financial instruments

The Council's financial instruments recognized in the balance sheet consist of cash, short-term investments, accounts receivable, and accounts payable and accrued liabilities, the carrying values of which approximate fair value due to the short-term maturity associated with these instruments.

12. Income taxes

The Council is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

**Newfoundland and Labrador Centre for
Health Information
Financial Statements
March 31, 2004**

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Directors of the
Newfoundland and Labrador Centre for Health Information

We have audited the statement of financial position of the **Newfoundland and Labrador Centre for Health Information** at March 31, 2004 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Centre's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Newfoundland and Labrador Centre for Health Information as at March 31, 2004 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
July 14, 2004

Grant Thornton LLP
Chartered Accountants

187 Kenmount Road
St. John's
Newfoundland and Labrador
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Newfoundland and Labrador Centre for Health Information

Statements of Operations and Changes in Net Assets

Year Ended March 31

2004

2003

Revenue

Government grants	\$ 1,591,400	\$ 1,437,523
Canada Health Infoway	1,978,658	260,549
Research funding	229,066	239,972
Other	71,004	5,527
Amortization of deferred capital contributions	<u>1,546,885</u>	<u>1,224,186</u>
	<u>5,417,013</u>	<u>3,167,757</u>

Expenditure

Advertising	798	3,034
Consulting fees	1,624,010	122,219
Contract services	-	15,107
Data communications	40,163	193,717
Depreciation	1,526,433	1,241,516
Interest	-	32,446
Meetings	1,205	212
Miscellaneous	10,027	4,782
Office supplies	117,800	88,084
Printing	-	1,773
Professional fees	10,912	4,264
Rent	115,199	122,218
Salaries and benefits	1,489,376	963,766
Software maintenance	221,857	129,832
Telephone	31,566	2,813
Training	16,476	11,704
Travel	<u>113,335</u>	<u>71,697</u>
	<u>5,319,157</u>	<u>3,009,184</u>

Excess of revenue over expenditure

\$ 97,856 \$ 158,573

Net assets, beginning of year

\$ 478,288 \$ 319,715

Excess of revenue over expenditure

97,856 158,573

Net assets, end of year

\$ 576,144 \$ 478,288

See accompanying notes to the financial statements.

Newfoundland and Labrador Centre for Health Information Statement of Financial Position

March 31

2004

2003

Assets

Current

Cash and cash equivalents

\$ 3,320

\$ -

Receivables (Note 3)

1,710,766

2,127,436

1,714,086

2,127,436

Capital assets (Note 4)

2,148,683

3,168,570

\$ 3,862,769

\$ 5,296,006

Liabilities

Current

Payables and accruals (Note 5)

\$ 381,122

\$ 286,010

Deferred capital contributions (Note 6)

859,026

875,047

Deferred revenue

370,965

180,000

1,611,113

1,341,057

Deferred capital contributions (Note 6)

1,521,501

2,591,652

Contractual obligations (Note 7)

-

745,413

Accrued severance pay

154,011

139,596

3,286,625

4,817,718

Net Assets

Net assets

576,144

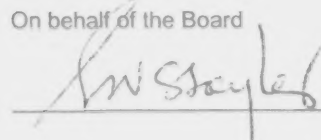
478,288

\$ 3,862,769

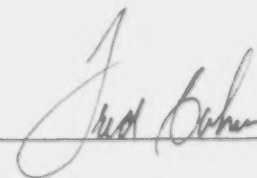
\$ 5,296,006

Commitments (Note 9)

On behalf of the Board



Director



Director

See accompanying notes to the financial statements.

Newfoundland and Labrador Centre for Health Information Statement of Cash Flows

Year Ended March 31

2004

2003

Increase (decrease) in cash and cash equivalents

Operating activities		
Excess of revenue over expenditure	\$ 97,856	\$ 158,573
Items not requiring a cash outlay		
Depreciation	1,526,433	1,241,516
Amortization of deferred capital contributions	(1,546,885)	(1,224,186)
Increase in severance pay accrual	<u>14,415</u>	<u>26,410</u>
	91,819	202,313
Change in non-cash operating working capital (Note 8)	<u>(562,214)</u>	<u>(127,393)</u>
Cash (used in) provided by operating activities	<u>(470,395)</u>	<u>74,920</u>
Financing activities		
Capital contributions	480,973	1,264,961
Decrease in contractual obligations	<u>(745,413)</u>	<u>(889,147)</u>
Cash (used in) provided by financing activities	<u>(264,440)</u>	<u>375,814</u>
Investing activities		
Receivables - capital	1,264,961	535,039
Transfer to Department of Health and Community Services	<u>(20,261)</u>	<u>-</u>
Purchase of capital assets	<u>(506,545)</u>	<u>(985,773)</u>
Cash provided by (used in) investing activities	<u>738,155</u>	<u>(450,734)</u>
Increase in cash and cash equivalents	<u>3,320</u>	<u>-</u>
Cash and cash equivalents		
Beginning of year	<u>-</u>	<u>-</u>
End of year	<u>\$ 3,320</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

Newfoundland and Labrador Centre for Health Information

Notes to the Financial Statements

March 31, 2004

1. Nature of operations

The Newfoundland and Labrador Centre for Health Information (the Centre) was established on August 22, 1997 to lead the development of a provincial Health Information Network, to promote information standards, and capture and analyze relevant health statistics in Newfoundland and Labrador. The Centre was formed to implement the recommendations of the Health System Information Task Force, including the Management Information Systems Project, which was administered by the Newfoundland and Labrador Health and Community Services Association.

2. Summary of significant accounting policies

These financial statements have been prepared within the framework of Canadian generally accepted accounting principles, the more significant of which are as follows:

Basis of accounting

These financial statements include only the assets, liabilities, revenues and expenditures relating to the operations carried on under the name of Newfoundland and Labrador Centre for Health Information.

Use of estimates

In preparing the Centre's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditure during the year. Actual results could differ from these estimates.

Administrative expenditures

The Centre is administered by contractual employees, salaried employees and employees seconded from and paid by the provincial Department of Health and Community Services. Administration expenditures related to the Centre which are paid through the Department of Health and Community Services are not reflected in these statements.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

Depreciation

Rates and basis of depreciation applied to write off the cost of capital assets over their estimated lives are as follows:

Computer equipment	20%, straight line
Office furniture	15%, straight line
Computer software	33%, straight line
Unique Personal Identifier	33%, straight line
Pharmacy Network	33%, straight line

Newfoundland and Labrador Centre for Health Information

Notes to the Financial Statements

March 31, 2004

2. Summary of significant accounting policies (cont'd.)

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on a straight line basis using the same rates as depreciation expense related to the capital assets purchased.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continual service, and accordingly no provision has been made in accounts for employees with less than nine years of continual service. As well, no provision has been made for contractual employees and employees seconded from the provincial Department of Health and Community Services. Severance pay is payable when the employee ceases employment with the Centre.

Pension costs

Employees of the Centre are covered by the Public Service Pension Plan administered by the Government of Newfoundland and Labrador. Contributions to the plan are required from both the employees and the Centre. The annual contributions for pensions are recognized in the accounts on a current basis.

3. Receivables	2004	2003
Department of Health and Community Services		
Capital	\$ -	\$ 1,264,961
Operating	-	180,000
Health Care Corporation of St. John's	38,124	299,530
Canada Health Infoway	1,537,763	299,631
Other	134,879	83,314
	<u>\$ 1,710,766</u>	<u>\$ 2,127,436</u>

4. Capital assets			2004 Net Book Value	2003 Net Book Value
	Cost	Accumulated Depreciation		
Computer equipment	\$ 734,041	\$ 409,607	\$ 324,434	\$ 254,140
Office furniture	71,659	46,797	24,862	32,127
Computer software	330,889	97,631	233,258	15,867
Unique Personal Identifier	3,401,478	2,363,146	1,038,332	2,099,440
Pharmacy Network	787,757	259,960	527,797	766,996
	<u>\$5,325,824</u>	<u>\$ 3,177,141</u>	<u>\$ 2,148,683</u>	<u>\$ 3,168,570</u>

Newfoundland and Labrador Centre for Health Information Notes to the Financial Statements

March 31, 2004

5. Payables and accruals	<u>2004</u>	<u>2003</u>
Trade and sundry	\$ 286,183	\$ 200,028
Vacation and compensatory pay	<u>94,939</u>	<u>85,982</u>
	<u>\$ 381,122</u>	<u>\$ 286,010</u>
6. Deferred capital contributions	<u>2004</u>	<u>2003</u>
Current		
Opening balance	\$ 875,047	\$ 595,859
Capital contributions	480,973	1,264,961
Transfer to Department of Health and Community Services	(20,261)	-
Purchase of capital assets	<u>(476,734)</u>	<u>(985,773)</u>
Ending balance	<u>\$ 859,026</u>	<u>\$ 875,047</u>
Long term		
Opening balance	\$ 2,591,652	\$ 2,830,065
Purchase of capital assets	476,734	985,773
Amortization of deferred contributions	<u>(1,546,885)</u>	<u>(1,224,186)</u>
Ending balance	<u>\$ 1,521,501</u>	<u>\$ 2,591,652</u>
7. Contractual obligations	<u>2004</u>	<u>2003</u>
Interim financing	<u>\$ -</u>	<u>\$ 745,413</u>

During the year, \$748,775 of funding from the Government of Newfoundland and Labrador was applied against the line of credit.

**Newfoundland and Labrador Centre for
Health Information
Notes to the Financial Statements**

March 31, 2004

8. Supplemental cash flow information	<u>2004</u>	<u>2003</u>
Change in non-cash operating working capital		
Receivables	\$ (848,291)	\$ (483,453)
Payables and accruals	95,112	176,060
Deferred revenue	<u>190,965</u>	<u>180,000</u>
	<u>\$ (562,214)</u>	<u>\$ (127,393)</u>

9. Commitments

The Centre is committed under an operating lease agreement for the rental of office space to make annual payments as follows: 2005 - \$122,218; 2006 - \$122,218; and 2007 - \$91,664.

The Centre has entered an agreement for the purchase of a software license in the amount of \$1,118,000 of which \$112,860 has been paid during the year.

10. Financial instruments

The Centre's primary financial instruments recognized in the statement of financial position consist of receivables, payables and accruals, deferred capital contributions, deferred revenue, contractual obligations and accrued severance pay. The carrying value of the primary financial instruments of the Centre approximate fair value due to the normal trade credit terms and conditions of those instruments.

11. Comparative figures

Certain of the 2003 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY

NEWFOUNDLAND AND LABRADOR CROP INSURANCE FUND

FINANCIAL STATEMENTS

31 MARCH 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

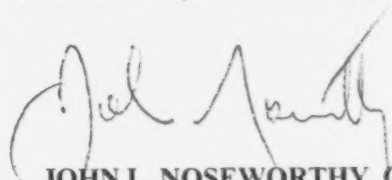
AUDITOR'S REPORT

To the Board of Directors
Newfoundland and Labrador Crop Insurance Agency
Corner Brook, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Crop Insurance Agency, Newfoundland and Labrador Crop Insurance Fund as at 31 March 2004 and the statement of revenues, expenses and deficit for the year then ended. These financial statements are the responsibility of the Agency's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Newfoundland and Labrador Crop Insurance Agency, Newfoundland and Labrador Crop Insurance Fund as at 31 March 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.



JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
30 June 2004

NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY
NEWFOUNDLAND AND LABRADOR CROP INSURANCE FUND
BALANCE SHEET

31 March

2004

2003

ASSETS

Current

Cash	\$ 80,506	\$ 3,087
Accounts receivable (Note 2)	2,691	1,877
	<u>\$ 83,197</u>	<u>\$ 4,964</u>

LIABILITIES AND EQUITY

Current

Accounts payable and accrued liabilities (Note 3)	\$ 1,816	\$ 1,000
---	----------	----------

Equity

Contributions – Province of Newfoundland and Labrador	280,000	280,000
Deficit	(198,619)	(276,036)
	<u>81,381</u>	<u>3,964</u>
	<u>\$ 83,197</u>	<u>\$ 4,964</u>

See accompanying notes

Signed on behalf of the Board:

C. MacDonald
Chair

Sprengle
Member

NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY
NEWFOUNDLAND AND LABRADOR CROP INSURANCE FUND
STATEMENT OF REVENUES, EXPENSES AND DEFICIT
For the Year Ended 31 March

2004

2003

REVENUES

Government of Canada (Note 4)	\$ 196,707	\$ 162,906
Province of Newfoundland and Labrador (Note 4)	131,137	141,988
Appeal administration fee	200	50
Premiums from insured persons	8,328	13,338
	<u>336,372</u>	<u>318,282</u>

EXPENSES

Administration (Note 5)		
Board expenses	1,604	4,397
Equipment	1,421	773
Professional services	1,200	2,867
Purchased services	7,546	3,899
Salaries and employee benefits	156,826	104,914
Supplies	10,141	7,671
Transportation and communications	19,072	14,518
	<u>197,810</u>	<u>139,039</u>
Bank charges	9	28
Indemnity claims	61,111	196,078
Refund of appeal fee	25	50
	<u>258,955</u>	<u>335,195</u>
Excess of revenues over expenses		
(expenses over revenues)	77,417	(16,913)
Deficit, beginning of year	(276,036)	(259,123)
Deficit, end of year	\$ (198,619)	\$ (276,036)

See accompanying notes

NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY
NEWFOUNDLAND AND LABRADOR CROP INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004

Authority

The Newfoundland and Labrador Crop Insurance Agency (the Agency) operates under the authority of the *Crop Insurance Act*. The purpose of the Agency is to operate the Newfoundland and Labrador Crop Insurance Fund which provides insurance to farmers of the Province through restricting the amount of financial loss due to crop failure. Its affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. These statements are a representation of the activities of the Newfoundland and Labrador Crop Insurance Fund.

1. Significant accounting policies

These financial statements have been prepared by the Agency's management in accordance with Canadian generally accepted accounting principles. The Agency does not prepare a statement of cash flows since the changes in cash flows are readily apparent from the other statements.

2. Accounts receivable

	<u>2004</u>	<u>2003</u>
Province of Newfoundland and Labrador	\$ 1,816	\$ 1,000
Premiums from insured persons	3,930	3,932
	5,746	4,932
Less: allowance for doubtful accounts	3,055	3,055
	\$ 2,691	\$ 1,877

3. Accounts payable and accrued liabilities

	<u>2004</u>	<u>2003</u>
Premiums overpayment	\$ 866	\$ -
Province of Newfoundland and Labrador	950	1,000
	\$ 1,816	\$ 1,000

NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY
NEWFOUNDLAND AND LABRADOR CROP INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004

4. Premium contributions and administration expenditures

Under an agreement with the Government of Canada, the Province of Newfoundland and Labrador recovers 60% of the total government contribution for premiums and administration expenses.

	<u>2004</u>	<u>2003</u>
Province of Newfoundland and Labrador		
Premiums contributions	\$ 52,013	\$ 72,468
Payments for administration	79,124	69,520
	<u>\$ 131,137</u>	<u>\$ 141,988</u>
Government of Canada		
Premiums contributions	\$ 78,021	\$ 93,387
Payments for administration	118,686	69,519
	<u>\$ 196,707</u>	<u>\$ 162,906</u>

5. Payments on behalf of the Agency for administration

Agency staff are employees of the Department of Natural Resources. Salaries and other costs of \$197,810 (2003 - \$139,039) applicable to the operation of the Agency have been paid by the Department and are reflected in these financial statements as expenses of the Agency and as revenue in the form of payments made by the Province and the Government of Canada.

6. Economic dependence

As a result of the Agency's reliance on Provincial funding to meet its operating costs, the Agency's ability to continue viable operations is dependent upon continued funding from the Province.

7. Financial instruments

The Agency's financial instruments recognized in the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities, the carrying values of which approximate fair market value due to the short-term maturity associated with these instruments.

**NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY
NEWFOUNDLAND AND LABRADOR CROP INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004**

8. Income taxes

The Agency is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Federal or Provincial income taxes.

9. Comparative figures

Certain of the comparative figures for 2003 have been restated to conform with the current year's presentation.

**NEWFOUNDLAND AND LABRADOR
EDUCATION INVESTMENT CORPORATION**

FINANCIAL STATEMENTS

31 MARCH 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

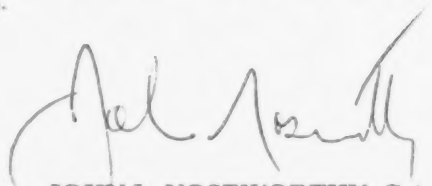
AUDITOR'S REPORT

To the Chairperson and Members
Newfoundland and Labrador Education
Investment Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Education Investment Corporation as at 31 March 2004 and the statement of revenues, expenses and deficit for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.



JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
21 July 2004

NEWFOUNDLAND AND LABRADOR EDUCATION INVESTMENT CORPORATION
BALANCE SHEET

31 March

2004

2003

ASSETS

Accounts receivable	\$ 102,349	\$ 645,796
Due from related parties (Note 2)	254,922	2,808,090
Due from the Province of Newfoundland and Labrador	4,000,000	181,200
Harmonized Sales Tax receivable	726,390	3,049,228
	<u>\$ 5,083,661</u>	<u>\$ 6,684,314</u>

LIABILITIES AND EQUITY

Bank overdraft (Note 3)	\$ 77,866,459	\$ 61,803,523
Accounts payable and accrued liabilities	773,794	1,988,531
Advances received from the Department of Education (Note 4)	325,749	1,036,980
Holdbacks payable	1,192,803	2,080,720
Due to related parties (Note 5)	49,852	1,290,669
	<u>80,208,657</u>	<u>68,200,423</u>

Equity

Share capital (Note 6)	-	-
Deficit	(75,124,996)	(61,516,109)
	<u>(75,124,996)</u>	<u>(61,516,109)</u>
	<u>\$ 5,083,661</u>	<u>\$ 6,684,314</u>

Commitments (Notes 7 and 9)

See accompanying notes

Signed on behalf of the Board:


Chairperson


Member

NEWFOUNDLAND AND LABRADOR EDUCATION INVESTMENT CORPORATION
STATEMENT OF REVENUES, EXPENSES AND DEFICIT

For the Year Ended 31 March

2004

2003

REVENUES	\$ -	\$ -
EXPENSES		
Administration	505,445	399,074
Bank charges	2,313,444	1,351,912
Funded initiatives	22,408,098	29,375,340
	<u>25,226,987</u>	<u>31,126,326</u>
Excess of expenses over revenues before transfer from the Province	(25,226,987)	(31,126,326)
Transfer from the Province (Note 8)	<u>11,618,100</u>	<u>181,200</u>
Excess of expenses over revenues	(13,608,887)	(30,945,126)
Deficit, beginning of year	<u>(61,516,109)</u>	<u>(30,570,983)</u>
Deficit, end of year	<u>\$ (75,124,996)</u>	<u>\$ (61,516,109)</u>

See accompanying notes

NEWFOUNDLAND AND LABRADOR EDUCATION INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

Authority

The Newfoundland and Labrador Education Investment Corporation (the Corporation) was incorporated on 27 March 1998 under the *Corporations Act* of the Province of Newfoundland and Labrador. The Province holds 100% of the issued common shares. The affairs of the Corporation are managed by a board of directors (the Board) appointed by the Lieutenant-Governor in Council. All Board members are full-time employees of the Province of Newfoundland and Labrador.

The objective of the Board is to provide funds to school boards and others for the construction, renovation, extension and equipping of educational facilities in the Province and to carry out other business or objectives as directed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. The Corporation does not prepare a statement of cash flows since the changes in cash flows are readily apparent from the other statements.

2. Due from related parties

Due from related parties, \$254,922 (2003 - \$2,808,090), represents amounts receivable from school boards to reimburse the Corporation for payments made on behalf of the boards in connection with extension and renovation projects. These amounts are to be repaid by the school boards from savings realized as a result of school closures.

3. Bank overdraft

The Corporation has obtained a bank line of credit not to exceed \$105,000,000, with an annual interest rate of prime less 1.26%. At 31 March 2004 the balance outstanding was \$77,866,459 (2003 - \$61,803,523). No repayments of principal or interest are due prior to 30 April 2005.

The Government of Newfoundland and Labrador has provided the bank with a guarantee for the full amount of any outstanding balance up to \$105,000,000.

4. Advances received from the Department of Education

Advances received from the Department of Education, \$325,749 (2003 - \$1,036,980), represent amounts paid to the Corporation to fund future school board expenditures for work to be undertaken by the Corporation on behalf of the school boards. The advances received will be recognized as a reduction of expenses in the applicable future period as the expenses are incurred.

NEWFOUNDLAND AND LABRADOR EDUCATION INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

5. Due to related parties

Due to related parties, \$49,852 (2003 - \$1,290,669), represents reimbursable expenditures made by school boards and the Department of Education with respect to air quality, repairs and maintenance and other projects for which documentation to support such expenditures during the year has been received.

6. Share capital

Share capital consists of:

Authorized
100 common shares of no par value

Issued and Outstanding
3 common shares

Pursuant to the direction of the Lieutenant-Governor in Council, each of the following holds one share on behalf of the Province of Newfoundland and Labrador:

Minister of Finance
Minister of Education
Minister of Transportation and Works

7. Lease commitments

In May 2003, the Corporation entered into a 20 year operating lease agreement for the Lawn school. The Newfoundland Government Fund Limited, a Provincial Crown agency, provided \$4,730,000 in financing to the lessor for construction of the school. Payments by the Corporation to the lessor for the next five years are as follows:

2005	\$382,889
2006	\$382,889
2007	\$382,889
2008	\$382,889
2009	\$382,889

The Corporation has an option to purchase the Lawn school on 15 December 2008 at a cost of \$3,850,600.

8. Related party transactions

During the year, a non-repayable amount of \$11,618,100 (2003 - \$181,200) was approved by the Government of Newfoundland and Labrador and subsequently transferred to the Corporation.

NEWFOUNDLAND AND LABRADOR EDUCATION INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

8. Related party transactions (cont.)

The Corporation is administered by employees of Executive Council, the Department of Education and the Department of Finance. Projects funded by the Corporation are primarily managed by the Department of Transportation and Works. Costs of administration are paid directly by the departments and are reimbursed by the Corporation.

9. Commitments

The Corporation has approved and is funding various projects consistent with its objective.

As at 31 March 2004, the total value of work not yet completed in relation to approved project expenditures was approximately \$36 million (31 March 2003 - \$50 million).

10. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of accounts receivable, due from/to related parties, due from the Province of Newfoundland and Labrador, Harmonized Sales Tax receivable, accounts payable and accrued liabilities and holdbacks payable, the carrying values of which approximate fair value due to the short-term maturity or current value associated with these instruments.

The bank overdraft has an annual interest rate of prime less 1.26%. No repayments of principal or interest are due prior to 30 April 2005. Therefore, the Corporation is subject to fluctuation in interest rates applicable to its bank overdraft.

11. Economic dependence

As a result of its reliance on future transfers from the Government of Newfoundland and Labrador to fund its approved projects and operating costs, the Corporation's ability to continue is dependent upon the decisions of Government.

12. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

13. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

**NEWFOUNDLAND AND LABRADOR
FARM PRODUCTS CORPORATION**

Financial Statements

March 31, 2004

Newfoundland and Labrador Farm Products Corporation
Statements of Earnings and Deficit

Year Ended March 31

2004

2003

Revenue

Government of Newfoundland and Labrador

- Corner Brook grant (Note 8)

\$ 51,661 \$ 96,036

Other

1,278 2,714

52,939 98,750

Expenses

Administrative

33 59

Depreciation

1,341 1,542

Corner Brook plant (Note 8)

72,780 96,036

74,154 97,637

Net earnings (loss)

\$(21,215) \$ 1,113

Deficit, beginning of year

\$(11,951,143) \$(11,952,256)

Net earnings (loss)

(21,215) 1,113

Deficit, end of year

\$(11,972,358) \$(11,951,143)

See accompanying notes to the financial statements.

Newfoundland and Labrador Farm Products Corporation

Balance Sheet

March 31

2004

2003

Assets

Current

Cash	\$ 16,147	\$ 126,446
Receivables (Note 4)	2,487	10,380
Inventories (Note 5)	<u>25,000</u>	<u>25,000</u>
	43,634	161,826

Property and equipment (Note 7)

15,571 16,912

\$ 59,205 \$ 178,738

Liabilities

Current

Payables and accruals	\$ 5,967	\$ 52,624
Deferred grant (Note 8)	<u>-</u>	<u>51,661</u>
	<u>5,967</u>	<u>104,285</u>

Surplus (Deficiency)

Contributed surplus

12,025,596 12,025,596

Deficit

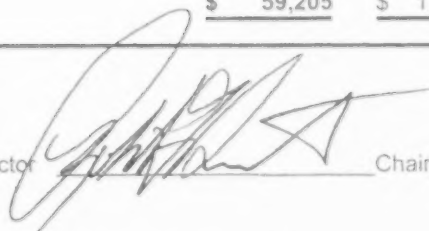
(11,972,358) (11,951,143)

53,238 74,453

\$ 59,205 \$ 178,738

On behalf of the Board

 CA. Director



Chairperson

See accompanying notes to the financial statements.

Newfoundland and Labrador Farm Products Corporation
Statement of Cash Flows

Year Ended March 31	2004	2003
Increase (decrease) in cash and cash equivalents		
Operating		
Net earnings (loss)	<u>\$(21,215)</u>	<u>\$ 1,113</u>
Depreciation	<u>1,341</u>	<u>1,542</u>
	(19,874)	2,655
Change in non-cash operating working capital (Note 9)	<u>(90,425)</u>	<u>(215,541)</u>
	<u>(110,299)</u>	<u>(212,886)</u>
Investing		
Decrease in long term receivable	<u>-</u>	<u>7,600</u>
Net decrease in cash and cash equivalents	(110,299)	(205,286)
Cash and cash equivalents		
Beginning of year	<u>126,446</u>	<u>331,732</u>
End of year	<u>\$ 16,147</u>	<u>\$ 126,446</u>

See accompanying notes to the financial statements

Newfoundland and Labrador Farm Products Corporation

Notes to the Financial Statements

March 31, 2004

1. Nature of operations

The Corporation is a Provincial Crown Corporation, which operates under the authority of the *Farm Products Corporation Act* and reports on its operations to the Minister of Forest Resources and Agrifoods.

The Corporation is dependent upon the Government of Newfoundland and Labrador ("Government") to fund its annual operating costs.

2. Closure of Corner Brook poultry operations

On April 30, 1997, the Corporation discontinued processing and subsequently closed the Corner Brook poultry plant. It is Government's stated intention to seek an alternate use for this plant. As the divestiture process for the Corner Brook assets is still in progress, the adjustments, if any, which may be required to the carrying value of these assets cannot be determined at this time. Termination benefits have been provided to all Corner Brook employees affected by the plant closure.

On April 1, 2002 the Corporation entered into a lease with Maple Valley Foods Limited for the period 1 April 2002 to 30 September 2003 for use of the Corporation's building and equipment. Pending sale of the Corner Brook facilities for alternate uses, the lease has been extended. A proposal call for sale of these facilities was made subsequent to 31 March 2004.

3. Summary of significant accounting policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies are set out below.

Use of estimates

In preparing the Corporation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Operating grants

Operating grants received from Government are normally treated as a reduction of the operating loss for the year. A grant of \$500,000 received in 1998/99 was earmarked towards divestiture and operating activities of the Corner Brook plant beyond April 1, 1999, and was recorded as a deferred grant. A further \$200,000 was provided by Government to the Corporation in 2001/02 to cover costs to 30 September 2003. During the year, \$51,661 (2002/03 \$96,036) (see Note 10) of the deferred grant was used to offset expenditures for the Corner Brook plant.

Newfoundland and Labrador Farm Products Corporation
Notes to the Financial Statements
March 31, 2004

3. Summary of significant accounting policies (cont'd.)

Capital grants

Capital grants are recorded as a reduction of the cost of the assets acquired during the year. Unexpended capital grants are recorded as appropriated surplus.

Depreciation

Rates of depreciation applied to write-off the cost of property and equipment over their estimated lives are as follows:

Buildings	5%, declining balance
Machinery and equipment	20% declining balance and units of production
Office furniture and equipment	20%, declining balance

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balance with banks.

Inventories

Inventory is valued at net realizable value.

Income taxes

The Corporation is a Crown entity and as such is not subject to either federal or provincial income taxes.

4. Receivables	<u>2004</u>	<u>2003</u>
Current portion of long term receivables	\$ -	\$ 7,600
Other	<u>2,487</u>	<u>2,780</u>
	<u>\$ 2,487</u>	<u>\$ 10,380</u>

Newfoundland and Labrador Farm Products Corporation

Notes to the Financial Statements

March 31, 2004

5. Inventories	<u>2004</u>	<u>2003</u>
Materials and supplies – Corner Brook Plant	\$ 25,000	\$ 25,000

Materials and supplies relate to tools and spare parts for machinery and equipment

6. Long term receivable	<u>2004</u>	<u>2003</u>
8% mortgage, repayable in equal annual instalments of \$7,600 plus interest to 2003.	\$ -	\$ 7,600
Less: current portion	-	7,600
	<u>\$ -</u>	<u>\$ -</u>

7. Property and equipment			<u>2004</u>	<u>2003</u>
	<u>Cost</u>	<u>Contributed Assets</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 209,408	\$ 209,407		\$ 1
Buildings	2,626,962	2,605,971	\$ 8,061	12,930
Machinery equipment	1,625,015	1,479,034	143,397	2,584
Office furniture and equipment	13,544	3,910	9,578	56
	<u>\$4,474,929</u>	<u>\$4,298,322</u>	<u>\$ 161,036</u>	<u>\$ 15,571</u>
				<u>\$ 16,912</u>

The above property and equipment represents assets entirely of the Corner Brook plant.

Newfoundland and Labrador Farm Products Corporation Notes to the Financial Statements

March 31, 2004

8. Deferred Grant - Corner Brook expenses

In 1998/99 Government provided the Corporation with a grant of \$500,000 to be used towards divestiture and operating activities of the Corner Brook plant for 1999/00 and beyond. In 2001/02 Government provided the Corporation with a further \$200,000 to cover similar costs beyond March 2002. During 2003/04 the deferred grant was reduced by \$51,661 (2002/03 \$96,036) representing net expenditures for the above stated purposes. In addition to \$51,661, during 2003/04 Corner Brook costs totaling \$21,119 were financed from internal financial resources of Newfoundland Farm Products Corporation, for total net expenditures of \$72,780. As at 31 March 2004, the deferred grant was zero (2002/03 - \$51,661).

Details of Corner Brook net expenditures are as follows:

	<u>2004</u>	<u>2003</u>
Heat and light	\$ 48,139	\$ 53,940
Repairs and maintenance	-	37,268
Insurance	11,072	8,800
Office and Administration	1,514	1,764
Audit fees	2,000	1,700
Communications	-	172
Municipal Taxes	<u>15,579</u>	<u>-</u>
	78,304	103,644
Overestimate of termination benefits (2002)	(4,024)	-
Corner Brook share of interest revenue	(1,500)	(4,108)
Gain on disposition of assets	<u>-</u>	<u>(3,500)</u>
	<u>\$ 72,780</u>	<u>\$ 96,036</u>

9. Supplemental cash flow information

Change in non-cash operating working capital

	<u>2004</u>	<u>2003</u>
Receivables	\$ 7,893	\$ 9,099
Payables and accruals	(46,657)	(128,604)
Deferred grant	<u>(51,661)</u>	<u>(96,036)</u>
	<u>\$ (90,425)</u>	<u>\$ (215,541)</u>

10. Financial instruments

Fair values of financial instruments are disclosed in the notes to the financial statements when they differ from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their fair values.

**Newfoundland and Labrador Film
Development Corporation
Financial Statements
March 31, 2004**

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Members of
Newfoundland and Labrador Film Development Corporation

We have audited the balance sheet of **Newfoundland and Labrador Film Development Corporation** at March 31, 2004 and the statements of operations, receipts and disbursements – Equity Investment Program, surplus and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Note 2 describes the accounting policies used with respect to the Corporation's program grants, loans and equity investments and their recoveries, and costs incurred by Provincial government departments for services rendered. In this respect the financial statements are not in accordance with Canadian generally accepted accounting principles.

In our opinion, except for the effects of the failure to record program grants, loans and equity investments and costs incurred by Provincial government departments for services rendered as mentioned in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
May 7, 2004

Grant Thornton LLP
Chartered Accountants

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Newfoundland and Labrador
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W www.GrantThornton.ca

Newfoundland and Labrador Film Development Corporation Statement of Operations

Year Ended March 31

2004

2003

Revenue

Canada-Newfoundland Comprehensive Economic Development Agreement (CEDA)	\$ 550,000	\$ 550,000
Other		
Atlantic Canada Film Partners - travel reimbursement	50,096	29,543
HST refund	32,845	-
Film Pro - expense reimbursement	3,953	2,765
Growing the Local Film Industry study	-	20,000
Provincial Government - reimbursement for reception	-	3,000
Interest income	231	401
	<u>637,125</u>	<u>605,709</u>

Expenses

Advertising	2,249	9,906
Conferences and travel	96,213	108,160
Depreciation	5,108	5,977
Guest productions	7,006	479
Office administration	91,766	93,232
Printed materials	1,544	2,529
Professional fees	29,540	30,983
Promotional and publications	37,009	23,400
Salaries and benefits	260,277	262,530
Sponsorships	100,902	77,772
	<u>631,614</u>	<u>614,968</u>

Earnings (loss) from operations	\$ 5,511	\$ (9,259)
---------------------------------	----------	------------

See accompanying notes to the financial statements.

**Newfoundland and Labrador Film
Development Corporation
Statement of Receipts and Disbursements
Equity Investment Program**

Year Ended March 31

2004

2003

Receipts

Government funding – Equity Investment Program	\$ 1,000,000	\$ 1,160,000
Recoupment – Equity Investment Program	15,024	3,101
	<u>1,015,024</u>	<u>1,163,101</u>

Disbursements

2M Innovative Inc.	Hatching Matching & Dispatching	5,570	-
Alpha Productions Inc.	Boys From the Fringe	72,179	-
Augusta Productions Inc.	A Show About Cancer	-	6,340
Augusta Productions Inc.	Pleasant Street	29,500	-
Augusta Productions Inc.	Duckworth	11,440	-
Best Boy Productions Inc.	Deaf Defying	18,000	-
Codlessco Inc.	Fool Proof	-	25,000
Curzon Village Productions Inc.	Prophet Sharing	-	7,500
Dark Flowers Productions Inc.	Atlantic Blue	-	25,000
Dark Flowers Productions Inc.	Hospital City	54,000	-
Edge of the Earth Productions Inc.	Letters to Eliza's Shortfall	3,766	-
Factory Lane Productions Inc.	Longliner Elite	-	4,000
Factory Lane Productions Inc.	A Life in Pictures	5,276	-
Factory Lane Productions Inc.	Romancing the Labrador	7,814	-
Factory Lane Productions Inc.	The Karluk	8,000	-
Fire Crown Productions Inc.	Laughtershock	7,200	-
Fire Crown Productions Inc.	The Elsie Holloway Story	4,500	-
Fire Crown Productions Inc.	Face of the Beothucks	11,880	-
Going the Distance Inc.	Going the Distance	157,000	-
Jim Byrd Productions Inc.	Colony of Unrequited Dreams	18,000	15,000
Jim Byrd Consulting Inc.	Water of Life	-	15,000
Kickham East Productions Inc.	The Boughwollen	8,160	15,440
Kickham East Productions Inc.	The Bread maker	15,000	135,000
Kickham East Productions Inc.	The Adventures of Cookie Clow	4,127	2,751
Kickham East Productions Inc.	Come Hell or High Water	7,000	-
Morag Productions Inc.	The Invisible Machine	-	64,703
Morag Productions Inc.	Dr. Olds of Twillingate	19,134	14,094
Morag Productions Inc.	Destinies Apart	69,300	-
Morag Productions Inc.	Newfoundlanders: on the Edge	9,433	-
Nanobody Productions Inc.	Nanobods	13,200	-
The NL Motion Picture Plant Ltd.	The Jack Tales	9,000	15,000
The NL Motion Picture Plant Ltd.	Tomorrow Will Be Sunday	-	12,000
Newfound Films Inc.	St. John's, West	6,160	-
Pangur Ban Productions Inc.	Stories for the Season	-	9,000
Pangur Ban Productions Inc.	Reaching Finisterre	12,000	-
Passage Films Inc.	Random Passage	-	359,333

See accompanying notes to the financial statements.

**Newfoundland and Labrador Film
Development Corporation
Statement of Receipts and Disbursements
Equity Investment Program**

Year Ended March 31

2004

2003

Disbursements (cont'd.)

Pasta King Productions Inc.	Web Drama	-	12,207
Plain Sight Pictures	Iron Spring Light	-	7,000
Pope Productions Inc.	Media Jam	10,000	61,020
Pope Productions Inc.	Advance Lots & Man		
	Overboard	66,645	5,000
Pope Productions Inc.	Gander	25,671	-
Quest for the Sea NL Inc.	Quest for the Sea	10,000	-
Red Door Films Inc.	Red Door	-	100,000
Red Ochre Productions Inc.	Making Love in St. Pierre	500	136,500
Red Ochre Productions Inc.	Mr. Capone Est Arrive	7,000	-
Rink Rat Productions Inc.	Young Triffie	-	4,000
Rink Rat Productions Inc.	Looped	-	8,000
Rink Rat Productions Inc.	A Women Between Two		
	Islands	6,880	-
Rink Rat Productions Inc.	The Breaks	8,000	-
Rink Rat Productions Inc.	Dark Tickle	9,315	-
Rock Island Productions Inc.	James Joyce and Music	-	3,420
Rock Island Productions Inc.	Bloomsday Cabaret	109,620	-
Ruby Line Productions Inc.	Starring NF	-	24,435
Ruby Line Productions Inc.	Raising Rover	68,986	3,014
Ruby Line Productions Inc.	Girl Culture	7,000	-
Ruby Line Productions Inc.	Home is Not Sad	-	-
Springwater Productions Inc.	Mina Hubbard's Way	23,000	-
Steeple IV Productions Inc.	Steeplechasing	-	82,207
Upskydown Films	Heber Peach	10,380	-
Upskydown Films	Secrets Whispered	17,600	-
Zing Studios Inc.	George Street TV	37,000	-
		<u>1,004,236</u>	<u>1,171,964</u>
Excess of receipts over disbursements (disbursements over receipts)		<u>\$ 10,788</u>	<u>\$ (8,863)</u>
Closing balance		<u>\$ 10,561</u>	<u>\$ (227)</u>

See accompanying notes to the financial statements.

**Newfoundland and Labrador Film
Development Corporation
Statement of Surplus**

Year Ended March 31	2004	2003
Surplus, beginning of year	\$ 19,524	\$ 37,646
Earnings (loss) from operations	5,511	(9,259)
Excess of receipts over disbursements (disbursements over receipts) – Equity Investment Program	<u>10,788</u>	<u>(8,863)</u>
Surplus, end of year	<u>\$ 35,823</u>	<u>\$ 19,524</u>

See accompanying notes to the financial statements.

Newfoundland and Labrador Film Development Corporation Balance Sheet

March 31 2004 2003

Assets

Current

Cash and cash equivalents	\$ 257,911	\$ 137,609
Temporary investments	89,898	
Receivables	14,751	28,842
Prepays	<u>11,030</u>	<u>9,980</u>
	373,590	176,431

Capital assets (Note 3) 15,709 18,322

\$ 389,299 \$ 194,753

Liabilities

Current

Payables and accruals	\$ 26,869	\$ 29,129
Equity Investment Program payables	265,578	102,600
Holdbacks payables – Equity Investment Program	<u>61,026</u>	<u>43,497</u>
	<u>353,473</u>	<u>175,226</u>

Shareholders' Equity

Capital stock

Authorized

600 common shares of no par value

Issued

600 shares

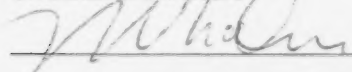
Surplus 35,823 19,524

35,826 19,527

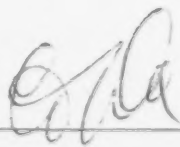
\$ 389,299 \$ 194,753

Commitments (Note 6)

On behalf of the Board



Director



Director

See accompanying notes to the financial statements.

Grant Thornton 

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Newfoundland and Labrador Film Development Corporation Statement of Cash Flows

Year Ended March 31

2004

2003

Increase (decrease) in cash and cash equivalents

Operating

Net earnings (loss)

\$ 16,299 \$ (18,122)

Depreciation

5,108 5,977

21,407 (12,145)

Change in non-cash operating working capital

Temporary investments

(89,898) -

Receivables

14,091 (10,773)

Prepays

(1,050) 2,442

Payables and accruals

178,247 138,040

122,797 117,564

Investing

Purchase of capital assets

(2,495) (1,665)

Net increase in cash and cash equivalents

120,302 115,899

Cash and cash equivalents

Beginning of year

137,609 21,710

End of year

\$ 257,911 \$ 137,609

See accompanying notes to the financial statements.

Newfoundland and Labrador Film Development Corporation

Notes to the Financial Statements

March 31, 2004

1. Nature of Operations

The Newfoundland and Labrador Film Development Corporation was incorporated under the laws of the Province of Newfoundland and Labrador. The primary purpose of the Corporation is to promote the development of, and to stimulate employment and investment in, the Newfoundland film and video industry by providing financial and other assistance.

The Corporation has been designated by the Province's Finance Minister to administer the Newfoundland Film Tax Credit Program, including registration of productions, review of tax credit applications and recommendations to the Department of Finance.

The Corporation is exempt from paying income taxes under Section 149 of the Canadian Income Tax Act.

2. Basis of accounting

The accounting policies of the Corporation are in accordance with Canadian generally accepted accounting principles except for the undernoted items:

- (i) Program grants, loans and equity investments are charged to current expenditures as disbursed. Recoveries derived from equity investments are recorded as revenue when received. Recoveries of project development loans are offset against expenditures when received.
- (ii) Costs incurred by Provincial government departments providing certain services to the Corporation are not reflected in these statements.

(a) Use of estimates

In preparing the Corporation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

(b) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

(c) Temporary investments

Temporary investments are valued, on an aggregate basis, at the lower of cost and market at the balance sheet date. In the event that short term investments are adjusted to market value, subsequent recoveries in value will be recorded to the extent of original cost.

Newfoundland and Labrador Film Development Corporation Notes to the Financial Statements

March 31, 2004

2. Basis of accounting (cont'd.)

(d) Depreciation

Rates and bases of depreciation applied to write-off the cost of capital assets over their estimated useful lives are as follows:

Furniture and fixtures	20%, declining balance
Computer hardware	30%, declining balance
Computer software	100%, declining balance

3. Capital assets		2004		2003
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Furniture and fixtures	\$ 20,667	\$ 13,199	\$ 7,468	\$ 8,639
Computer hardware	31,940	23,888	8,052	9,683
Computer software	378	189	189	-
	<u>\$ 52,985</u>	<u>\$ 37,276</u>	<u>\$ 15,709</u>	<u>\$ 18,322</u>

4. Equity investments

Production assistance in the form of equity investment is provided to eligible producers for the financing of productions that will provide employment and economic benefit to Newfoundlanders and Labradorians. Equity investments are made with the condition of repayment through participation in revenue generated by projects. Revenue is recorded as received.

The total of these equity investments of the Corporation to March 31, 2004 was \$4,136,549 (2003 - \$3,516,975; 2002 - \$2,584,797; 2001 - \$1,770,781; 2000 - \$662,506; 1999 - \$149,065). Recoupment of \$24,847 had been received to March 31, 2004.

During the year an ex-gratia grant was made to Quest for the Sea NL Inc. from equity investment funding for \$10,000; this grant is non-repayable.

Newfoundland and Labrador Film Development Corporation Notes to the Financial Statements

March 31, 2004

5. Project development loans

The Corporation provides loans to qualified applicants to support the process of film and video development that takes an idea through the stages of research, writing, market analysis and costing. This work must precede the completion of production financing arrangements. Support for the development of a project does not necessarily imply support for a production. All project development loans are charged to current expenditures when disbursed.

Project development loans are interest free and are to be repaid on the earlier of the first day of principal photography or on the optioning, sale, or transfer of the property to a third party. Total development loans to March 31, 2004 were \$1,124,214 (2003 - \$749,542; 2002 - \$509,756; 2001 - \$323,342; 2000 - \$179,393; 1999 - \$70,324; 1998 - \$73,625). Recoupment of \$161,693 had been received to March 31, 2004.

6. Commitments

- 1) Because of the lead times required to obtain all the resources necessary to complete film and video productions, the Corporation approves applications for funding which will not result in program disbursements until subsequent fiscal periods.

As at March 31, 2004, the Corporation was contractually committed to advance funds totalling \$425,272 from the Equity Investment Program as investments and loans in respect of current and future projects.

- 2) The Corporation has entered into agreements to lease property, a motor vehicle, and equipment for the next three years as follows: 2005 - \$44,201; 2006 - \$904; and 2007- \$678.

7. Economic dependence

The Corporation is economically dependent on the Federal and Provincial governments for annual funding.

8. Financial instruments

Fair values of financial instruments are disclosed in the notes to financial statements where they differ from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their fair values.

**NEWFOUNDLAND AND LABRADOR
GOVERNMENT SINKING FUND**

FINANCIAL STATEMENTS

31 MARCH 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Trustees
Newfoundland and Labrador Government
Sinking Fund
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Government Sinking Fund as at 31 March 2004 and the statements of statutory contributions, retained earnings, revenues and expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at 31 March 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read 'John L. Noseworthy'.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
11 June 2004

STATEMENT 1

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND
BALANCE SHEET

31 March

	2004	2003
	(000's)	(000's)
ASSETS		
Current		
Cash	\$ 58	\$ 84
Term deposits and short-term investments, at cost	83,005	20,114
Interest and other receivables		
Province of Newfoundland and Labrador – guaranteed	9,439	12,950
Other	2,720	3,301
	95,222	36,449
Investments, at amortized cost (Schedule 1)		
Cost	543,848	651,046
Accumulated amortization of discounts and premiums	62,331	85,370
	606,179	736,416
	\$ 701,401	\$ 772,865
LIABILITIES AND SINKING FUND EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 7	\$ 12
Due to Province of Newfoundland and Labrador	372	207
	379	219
Sinking fund equity		
Statutory contributions (Statement 2)	386,495	442,672
Retained earnings (Statement 3)	314,527	329,974
	701,022	772,646
	\$ 701,401	\$ 772,865

See accompanying notes

Signed on behalf of the Board:


 Chairperson


 Member

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND
STATEMENT OF STATUTORY CONTRIBUTIONS
For the Year Ended 31 March

	2004	2003
	(000's)	(000's)
Balance, beginning of year	\$ 442,672	\$ 519,548
Statutory contributions for the year	38,298	42,052
	480,970	561,600
Foreign currency translation adjustment	(17,489)	(12,956)
Statutory contributions applicable to redeemed debentures	(76,986)	(105,972)
Balance, end of year	\$ 386,495	\$ 442,672

See accompanying notes

STATEMENT 3

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND
STATEMENT OF RETAINED EARNINGS

For the Year Ended 31 March

	2004	2003
	(000's)	(000's)
Balance, beginning of year	\$ 329,974	\$ 443,406
Excess of revenues over expenses	58,517	70,435
	388,491	513,841
Foreign currency translation adjustment	(13,487)	(9,893)
Surplus sinking fund income returned to Province	(37,361)	(80,576)
Retained earnings applicable to redeemed debentures	(23,116)	(93,398)
Balance, end of year	\$ 314,527	\$ 329,974

See accompanying notes

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND
STATEMENT OF REVENUES AND EXPENSES
For the Year Ended 31 March

	2004	2003
	(000's)	(000's)
REVENUES		
Interest income		
Debentures	\$ 40,037	\$ 56,443
Term deposits and short-term investments	992	1,209
Other	11	13
	41,040	57,665
Amortization of discounts and premiums	7,849	10,624
Gain on redemption and sale of investments	9,932	2,463
	58,821	70,752
EXPENSES		
Salaries and benefits	206	195
General	98	122
	304	317
Excess of revenues over expenses	\$ 58,517	\$ 70,435

See accompanying notes

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND
STATEMENT OF CASH FLOWS

For the Year Ended 31 March

	2004	2003
	(000's)	(000's)
Cash flows from operating activities		
Excess of revenues over expenses	\$ 58,517	\$ 70,435
Adjustments for non-cash items		
Amortization of discounts and premiums	(7,849)	(10,624)
Gain on redemption and sale of investments	(9,932)	(2,463)
	40,736	57,348
Change in non-cash working capital	4,252	3,557
	44,988	60,905
Cash flows from investing activities		
Purchase of investments	(82,834)	(94,719)
Proceeds from redemption and sale of investments	203,061	153,339
Bonds and residuals cancelled on early call or maturity	-	111,453
Statutory contributions	38,298	42,052
Payment to Province on wind-up of CPP sinking funds	(77,589)	(120,548)
Payment to Province of excess on maturing debentures	(362)	(1,140)
Payment to redemption bank account on early call	(59,512)	(46,805)
Reduction in statutory payments on early call or maturity	-	(66,000)
Reduction in retained earnings on early call or maturity	-	(45,453)
Effect of foreign currency on statutory payments	(17,489)	(12,956)
Effect of foreign currency on retained earnings	(13,487)	(9,893)
Effect of foreign currency on investments	27,791	20,618
	17,877	(70,052)
Net increase (decrease) in cash and cash equivalents	62,865	(9,147)
Cash and cash equivalents, beginning of year	20,198	29,345
Cash and cash equivalents, end of year	\$ 83,063	\$ 20,198
Cash and cash equivalents include:		
Cash	\$ 58	\$ 84
Term deposits and short-term investments	83,005	20,114
	\$ 83,063	\$ 20,198

See accompanying notes

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND
SCHEDULE OF INVESTMENTS

31 March

2004

2003

	Face Value or Par (000's)	Amortized Cost (000's)	Face Value or Par (000's)	Amortized Cost (000's)
Canadian				
Province of Newfoundland and Labrador				
- guaranteed				
Province of Newfoundland and Labrador	\$ 136,590	\$ 140,586	\$ 123,127	\$ 126,845
Newfoundland and Labrador Municipal Financing Corporation	47,973	47,964	134,382	134,505
Newfoundland and Labrador Hydro	-	-	3,000	2,987
Coupons and residuals	178,060	106,672	197,309	134,445
	362,623	295,222	457,818	398,782
Other securities	35,669	37,191	41,578	41,800
Other coupons and residuals	42,970	29,287	46,839	34,816
	441,262	361,700	546,235	475,398
U.S.				
Province of Newfoundland and Labrador				
- guaranteed				
Province of Newfoundland and Labrador	134,583	148,801	150,645	168,051
Other securities	82,100	87,272	79,034	84,387
Other coupons and residuals	19,889	8,406	22,262	8,580
	236,572	244,479	251,941	261,018
Total investments	\$ 677,834	\$ 606,179	\$ 798,176	\$ 736,416

See accompanying notes

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND
NOTES TO FINANCIAL STATEMENTS
31 March 2004

Authority

The Province of Newfoundland and Labrador issues debentures, most of which have sinking fund requirements. For debentures which have sinking fund requirements, the Province makes the required sinking fund payments (statutory contributions) to the Board of Trustees of the Newfoundland and Labrador Government Sinking Fund. This is an unincorporated body formed under the *Financial Administration Act*. All members of the Board are full-time employees of the Province and are appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Investment transactions

- (i) Purchases: Investments are initially recorded at cost.
- (ii) Amortization: Discounts and premiums are amortized on a straight-line basis from the date of purchase until maturity.
- (iii) Sales: Sales of investments are at a negotiated selling price. Sales are recorded at the proceeds less the investment's average amortized cost, with any resulting gain or loss also recorded.
- (iv) Redemptions: On occasion, investments held in the Fund will be called for redemption by the issuer. In such instances, a gain is recorded equal to the redemption proceeds less the investment's average amortized cost.

(b) Maturity of a Province of Newfoundland and Labrador debenture issue for which a sinking fund has been provided.

(i) General

Provision is made for redemption at debenture maturity by investing statutory contributions in interest bearing securities and other investments. Both the contributions and the interest are used to pay debenture holders when debentures mature.

A record is maintained of statutory contributions received on account of each issue and of income allocated to each issue (retained earnings). The dollar total of an issue's statutory contributions and allocated income is called its Sinking Fund Value.

At maturity, statutory contributions are reduced by the total amount of statutory contributions received over the life of the issue. Retained earnings are reduced by the excess of the debenture's Sinking Fund Value over statutory contributions received.

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND
NOTES TO FINANCIAL STATEMENTS
31 March 2004

1. Significant accounting policies (cont.)

(b) (ii) Cash flow

At maturity, cash is paid into a redemption bank account in an amount equal to the lesser of the total face value of the issue or the Sinking Fund Value of the issue, less the face value of the issue held in the Fund's investments. If the issue's Sinking Fund Value exceeds the total face value, the excess is paid to the Consolidated Revenue Fund of the Province of Newfoundland and Labrador. If the issue's Sinking Fund Value is less than the total face value, the difference is paid into the redemption bank account by the Province.

The Province of Newfoundland and Labrador has an option, pursuant to amendments to the Canada Pension Plan enacted by the *Canada Pension Plan Investment Board Act*, to refinance maturing Canada Pension Plan borrowings for a final twenty year term, provided sufficient monies are available in the Canada Pension Plan Investment Fund. As a result, the Province has enacted legislation stating that sinking funds not required to redeem an issue of securities may be paid into the Consolidated Revenue Fund of the Province of Newfoundland and Labrador as the Lieutenant-Governor in Council may direct. During the year, \$77,589,000 (2003 - \$120,548,000) in sinking funds related to Canada Pension Plan borrowings were paid into the Consolidated Revenue Fund as directed by Lieutenant-Governor in Council. An additional \$50,738,000 (2003 - \$52,104,000) in matured borrowings was refinanced for a final twenty year term.

(c) Interest income

Interest income is recorded on an accrual basis.

(d) Foreign exchange translation

Assets, liabilities, revenues and expenses denominated in U.S. currency are translated as follows:

- (i) assets and liabilities are translated at the rate of exchange in effect at the balance sheet date; and
- (ii) revenues and expenses are translated at the rate of exchange in effect on the dates on which such items are recognized in income during the year, or an average of such.

Foreign currency translation adjustments arising from the translation of U.S. amounts in the financial statements are deferred and shown as separate components of the sinking fund equity. These gains or losses are unrealized and it is intended that they will remain so since it is not the intention of the Fund that these U.S. funds will ever actually be converted to Canadian dollars.

NEWFOUNDLAND AND LABRADOR GOVERNMENT SINKING FUND

NOTES TO FINANCIAL STATEMENTS

31 March 2004

2. Related party transactions

The Newfoundland and Labrador Government Sinking Fund and the Province absorb all of the operating costs, with the exception of banking and custodial fees, of the Newfoundland and Labrador Municipal Financing Corporation Sinking Fund, which is administered by the same Board as the Newfoundland and Labrador Government Sinking Fund.

3. Financial instruments

The Newfoundland and Labrador Government Sinking Fund's short-term financial instruments recognized on the balance sheet consist of cash, term deposits and short-term investments, interest and other receivables, accounts payable and accrued liabilities and due to Province of Newfoundland and Labrador. The carrying values of these instruments approximate fair value due to the short-term maturity associated with the instruments.

The Fund holds long-term investments which have an amortized cost of \$606,179,000 (2003 - \$736,416,000). The face value of these investments is \$677,834,000 (2003 - \$798,176,000). The policy and intention of the Board is to hold these long-term investments to maturity. Therefore, their reported value is current fair value to the Corporation and there is no rate risk associated with these investments.

4. Income taxes

The Newfoundland and Labrador Government Sinking Fund is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

NEWFOUNDLAND AND LABRADOR
HERITAGE CORPORATION

FINANCIAL STATEMENT

31 MARCH 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Chairperson and Members
Newfoundland and Labrador Heritage Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Heritage Corporation as at 31 March 2004. This financial statement is the responsibility of the Corporation's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, this financial statement presents fairly, in all material respects, the financial position of the Corporation as at 31 March 2004 in accordance with Canadian generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read "John L. Noseworthy".

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
27 July 2004

NEWFOUNDLAND AND LABRADOR HERITAGE CORPORATION

BALANCE SHEET

31 March

2004

2003

ASSETS

Current

Harmonized sales tax receivable	\$ 789,259	\$ 1,592,319
Accrued receivables	139,078	-

928,337	1,592,319
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Capitalized work-in-progress (see Schedule)	45,470,986	33,136,490
---	------------	------------

\$ 46,399,323	\$ 34,728,809
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LIABILITIES AND EQUITY

Current

Accounts payable and accrued liabilities	\$ 593,800	\$ 1,511,592
Holdbacks payable	636,041	2,643,706

Deferred contribution - Province of Newfoundland and Labrador (Note 2)	1,222,855	-
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2,452,696	4,155,298
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Bank overdraft (Note 3)	43,946,627	30,573,511
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46,399,323	34,728,809
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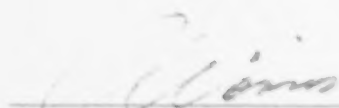
Equity

Share capital (Note 4)	-	-
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\$ 46,399,323	\$ 34,728,809
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See accompanying notes

Signed on behalf of the Board:


Chairperson


Member

NEWFOUNDLAND AND LABRADOR HERITAGE CORPORATION
NOTES TO FINANCIAL STATEMENT
31 March 2004

Authority

The Newfoundland and Labrador Heritage Corporation (the Corporation) was incorporated on 23 December 1999 under the *Corporations Act* of the Province of Newfoundland and Labrador. The Province holds the single issued common share. The affairs of the Corporation are managed by a board of directors (the Board) appointed by the Lieutenant-Governor in Council. All board members are full-time employees of the Province of Newfoundland and Labrador.

The objective of the Board is to organize, promote and co-ordinate the design, construction and financing of a facility to accommodate an art gallery, museum and archives (The Rooms) at St. John's.

1. Significant accounting policies

This financial statement has been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. Outlined below is the significant accounting policy followed:

Capitalization of construction costs

Capital assets are recorded at cost. Direct construction costs, overhead costs directly attributable to construction and interest costs are capitalized. Amortization is not charged on capitalized work-in-progress.

Deferred contributions

The Corporation follows the deferral method with respect to externally restricted contributions.

2. Deferred contribution - Province of Newfoundland and Labrador

During the year, the Corporation received \$1,265,000 from the Province to fund costs associated mainly with the development of exhibitions at The Rooms. As at 31 March 2004, the Corporation had incurred \$42,145 of these costs.

3. Bank overdraft

The Corporation has obtained a bank line of credit not to exceed \$47,500,000, with an annual interest rate of prime less 1.22%. No repayments of principal or interest are due earlier than the end of April 2005, at which time the amount outstanding will convert to a demand facility.

Government has provided the bank with a guarantee for the full amount of any balance outstanding.

NEWFOUNDLAND AND LABRADOR HERITAGE CORPORATION
NOTES TO FINANCIAL STATEMENT
31 March 2004

4. Share capital

Share capital consists of:

Authorized

100 common shares of no par value

Issued and Outstanding

1 common share

Pursuant to the direction of the Lieutenant-Governor in Council, the Minister of Tourism, Culture and Recreation holds one share on behalf of the Province of Newfoundland and Labrador.

5. Related party transactions

The Corporation is administered by employees of Executive Council, the Department of Works, Services and Transportation and the Department of Tourism, Culture and Recreation. Costs of administration are paid directly by the departments and are reimbursed by the Corporation.

6. Commitments

The Corporation has entered into contracts representing commitments of \$1,093,144 for work which was not performed as of 31 March 2004.

7. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of Harmonized Sales Tax receivable, accrued receivables, accounts payable and accrued liabilities, holdbacks payable, and bank overdraft, the carrying values of which approximate fair value due to the short-term maturity or current value associated with these instruments.

8. Economic dependence

As a result of its reliance on future transfers from the Government of Newfoundland and Labrador to ultimately finance its bank debt and costs, the Corporation's ability to continue is dependent upon the decisions of Government.

9. Presentation

The Corporation does not prepare a statement of revenues and expenses since its activities are capital in nature. The Corporation does not prepare a statement of cash flows since the changes in cash flows are readily apparent from the balance sheet.

10. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

NEWFOUNDLAND AND LABRADOR HERITAGE CORPORATION
SCHEDULE OF CAPITALIZED WORK-IN-PROGRESS

31 March

2004

2003

THE ROOMS

Construction, site preparation and excavation	\$ 36,705,489	\$ 26,859,481
Consultant's fees	2,778,716	2,599,456
Capitalized interest	2,138,583	939,460
Exhibitions	1,564,938	642,625
Archaeological investigation	1,166,112	1,165,608
Relocation - Seniors centre	633,875	614,316
Project Services - Department of Works, Services and Transportation	517,381	308,304
Administration	8,037	7,240
	45,513,131	33,136,490
Less: Contributions from the Province of Newfoundland and Labrador (Note 2)	42,145	-
	\$ 45,470,986	\$ 33,136,490

**NEWFOUNDLAND AND LABRADOR
HOUSING CORPORATION**

FINANCIAL STATEMENTS

31 MARCH 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Chairperson and Members
Newfoundland and Labrador Housing Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Housing Corporation as at 31 March 2004 and the statements of revenues and expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read "John L. Noseworthy".

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
19 July 2004

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION

BALANCE SHEET

31 March

	2004	2003
	(000's)	(000's)
ASSETS		
Accounts receivable (Note 2)	\$ 1,603	\$ 3,520
Due from Canada Lands Corporation (CLC)	-	4
Due from Canada Mortgage and Housing Corporation (CMHC)	959	667
Due from Province of Newfoundland and Labrador		
- Labrador Housing Programs (Note 3)	7,266	6,626
Inventory and prepaid expenses (Note 4)	3,184	3,032
Mortgages and loans receivable (Note 5)	37,264	42,668
Receivable from municipalities re: land transfers (Note 6)	2,895	3,643
Reposessed units (Note 7)	45	87
Land assemblies (Note 8)	8,452	8,404
Rental properties (Note 9)	235,615	242,958
Capital assets (Note 10)	5,916	6,404
	\$ 303,199	\$ 318,013

LIABILITIES AND EQUITY

Bank indebtedness	\$ 6,148	\$ 3,038
Accounts payable and accrued liabilities	7,274	7,897
Due to CLC	745	-
Deferred revenue (Note 11)	1,045	2,269
Capital replacement fund (Note 12)	7,599	7,362
Mortgage insurance fund (Note 13)	3,407	2,654
Mortgages, debentures and similar indebtedness (Note 14)	51,000	60,381
CMHC investment in cost-shared programs (Note 15)	161,701	171,006
CLC investment in land	-	207
	238,919	254,814

Equity

Contributed capital - Province of Newfoundland and Labrador (Note 16)	62,861	62,861
Surplus	1,419	338
	64,280	63,199
	\$ 303,199	\$ 318,013

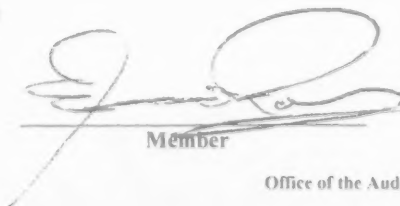
Contingent liabilities (Note 17)

Commitments (Note 22)

See accompanying notes

Signed on behalf of the Board:


Chairperson


Member

-647-

Office of the Auditor General

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
STATEMENT OF REVENUES AND EXPENSES
For the Year Ended 31 March

	2004	2003
	(000's)	(000's)
REVENUES		
CMHC (Note 19)	\$ 57,827	\$ 58,410
Rent	20,516	20,416
Province of Newfoundland and Labrador operating grant	11,125	10,110
Interest	8,912	9,828
Land assemblies sales	1,632	3,935
Gain on sale of rental properties	-	293
Other income	178	170
	100,190	103,162
EXPENSES		
CLC share of land assemblies profits	627	-
CMHC share of interest revenue	1,407	1,620
Grants to homeowners	6,500	5,833
Grants to non-profit groups	8,797	9,111
Interest expense	3,564	4,022
Land assemblies costs (Note 8)	777	3,887
Losses on mortgages, loans and repossessions	169	833
Loss on sale of rental properties	61	-
Mortgage subsidies	2,275	2,468
Net administration (Note 20)	16,136	15,890
Rent supplement subsidies	3,426	3,366
Rental unit expenses (Note 21)	55,133	55,890
Rental properties write down (Note 9)	237	-
	99,109	102,920
Excess of revenues over expenses	1,081	242
Surplus, beginning of year	338	96
Surplus, end of year	\$ 1,419	\$ 338

See accompanying notes

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
STATEMENT OF CASH FLOWS
For the Year Ended 31 March

	2004	2003
	(000's)	(000's)
Cash flows from operating activities:		
Excess of revenues over expenses	\$ 1,081	\$ 242
Add (deduct) non-cash items:		
Mortgage subsidies	2,275	2,468
Losses on mortgages, loans and repossessions	169	833
Amortization of rental properties	6,140	5,673
Amortization of Labrador Housing Programs	697	535
Market value write-down of rental properties	237	82
Loss (Gain) on sale of rental properties and capital assets	61	(377)
Amortization of capital assets	506	642
CLC portion of non-cash items	627	-
CMHC portion of non-cash items	660	1,236
	12,453	11,334
Net change in other operating items	2,065	4,433
	14,518	15,767
Cash flows from investing activities:		
Advances of mortgages and loans	(2,595)	(1,825)
Principal recoveries of mortgages and loans	5,597	14,374
Investment in rental properties	(112)	(393)
Sale of rental properties	1,017	1,104
Investment in capital assets	(18)	(308)
Labrador Housing Programs	(1,339)	(669)
	2,550	12,283
Cash flows from financing activities:		
Advances from mortgages, debentures and similar indebtedness	-	1,481
Repayments of mortgages, debentures, and similar indebtedness	(9,381)	(20,467)
Increase in CLC investment in land	60	242
Increase in CMHC investment in cost-shared programs	203	1,382
Repayments of CLC investment in land	(892)	(176)
Repayments of CMHC investment in cost-shared programs	(10,168)	(9,632)
	(20,178)	(27,170)
(Increase) Decrease in bank indebtedness	(3,110)	880
Bank indebtedness, beginning of year	(3,038)	(3,918)
Bank indebtedness, end of year	\$ (6,148)	\$ (3,038)

See accompanying notes
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Office of the Auditor General

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

Authority

The Newfoundland and Labrador Housing Corporation (the Corporation) operates under authority of the *Housing Corporation Act*. The purpose of the Corporation is to provide cost-effective housing and related programs for the benefit of the residents of the Province with priority given to those most in need. Its affairs are governed by a Board of Directors appointed by the Lieutenant-Governor in Council.

I. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Mortgages and loans receivable

An allowance for mortgages and loans impairment is estimated based on the value of accounts referred to a collection agency and the accounts with reported arrears balances. The security and source of funding for the accounts that are in arrears are considered in this estimation.

(b) Repossessed units

Reposessed units are valued at the lower of cost and net realizable value based on appraised values and the estimated recovery of cost through social housing rental programs.

(c) Land assemblies

Land assemblies are valued at the lower of cost and net realizable value. Items capitalized as the cost of land assemblies include land acquisition costs, development costs and interest.

Land assembly sales are recognized as earned. A portion of the sales revenue is deferred to cover future anticipated costs relative to the land sold. The percentage of revenue deferred is equal to the percentage of cost to complete on a project by project basis.

(d) Rental properties

Rental properties are valued at the lower of cost less accumulated amortization and net recoverable amount. Items capitalized as the cost of a project include land acquisition costs, development and construction costs, interest and other related carrying charges. In instances where properties have been transferred from government departments, costs have been recorded at \$1. Amortization is calculated using the methods described below based on the expected future useful life of all assets as follows:

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

1. Significant accounting policies (cont.)

(d) Rental properties (cont.)

Non-profit housing	
- Capital cost	Sinking fund, 25-50 years
- Renovation costs	Sinking fund, 15 years
Market housing	
- Capital cost	2% declining balance
- Renovation costs	Straight line, 15 years

(e) Capital assets

All capital assets are capitalized at cost at the time of acquisition. Amortization is calculated using the methods described below based on the expected future useful life of all assets as follows:

Office buildings	2% declining balance
Furniture and office equipment	Straight line, 10 years
Computer hardware	Straight line, 3 years
Computer software	Straight line, 10 years
Vehicles	Straight line, 5 years

(f) Severance pay

Severance pay is calculated based on years of service and current salary levels. Entitlement to severance pay vests with employees after nine years of continuous service. The amount is payable when the employee ceases employment with the Corporation unless the employee transfers to another entity in the public service, in which case the liability is transferred with the employee to the other entity.

2. Accounts receivable

	2004 (000's)	2003 (000's)
Land sales, net of allowance for cancellations of \$1,375,864 (2003 - \$1,936,195)	\$ 942	\$ 2,596
Rents	211	240
Miscellaneous	593	844
	1,746	3,680
Less: allowance for doubtful accounts	143	160
	\$ 1,603	\$ 3,520

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

3. Due from Province of Newfoundland and Labrador - Labrador Housing Programs

In March 2000, the Province directed the Corporation to fund the renovation of existing dwellings and construction of new dwellings in Northern Coastal Labrador. In March 2002, the Province directed the Corporation to fund the construction of a personal care home in Battle Harbour.

Under these initiatives, title to these dwellings is held by the homeowners with the Province repaying the renovation and construction costs over a 15 year period.

4. Inventory and prepaid expenses

	2004	2003
	(000's)	(000's)
Inventory	\$ 356	\$ 347
Prepaid expenses	2,828	2,685
	<u>\$ 3,184</u>	<u>\$ 3,032</u>

5. Mortgages and loans receivable

	2004	2003
	(000's)	(000's)
Subsidized mortgages to homeowners	\$ 17,309	\$ 21,189
Residential Rehabilitation Assistance Program loans	13,952	16,200
Provincial Home Repair Program	7,889	7,594
Other mortgages and loans	2,703	2,519
	<u>41,853</u>	<u>47,502</u>
Less: allowance for impaired accounts	4,589	4,834
	<u>\$ 37,264</u>	<u>\$ 42,668</u>

The allowance for impaired mortgages and loans relates primarily to the Residential Rehabilitation Assistance Program loans portfolio.

6. Receivable from municipalities re: land transfers

In September 1998, the Province directed the Corporation to enter into agreements with municipalities to transfer its banked and developed industrial and commercial land. The agreements will transfer these lands to the municipalities under a mortgage arrangement and provide for a share of future land sales revenue to the Corporation.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

6. Receivable from municipalities re: land transfers (cont.)

The receivable is valued at the lower of the carrying value of the land at the date of transfer and the Corporation's share of the net realizable value of the land as outlined in the agreement. The estimated net realizable value is determined using management's best estimates of future sales. Management recognizes that changes in future conditions, such as market demand, assumed in making these estimates are not predictable. Consequently, adjustments to the carrying value of the receivable from municipalities re: land transfers are possible depending on the impact of any changes and management's best estimate of them.

As of 31 March 2004, twenty agreements have been completed for the transfer of lands to municipalities at a carrying value of \$2,895,000 (2003 - \$3,643,000).

7. Repossessed units

	2004 (000's)	2003 (000's)
Reposessed units	\$ 147	\$ 250
Less: allowance for impairment	102	163
	\$ 45	\$ 87

8. Land assemblies

	2004 (000's)	2003 (000's)
Land assemblies, beginning of year	\$ 8,404	\$ 11,952
Cost incurred during the year:		
Land acquisition and development	266	579
Interest, capitalized	559	534
	9,229	13,065
Less: land transferred to municipalities	-	774
	9,229	12,291
Less: cost of earned sales recognized during year	777	3,887
Land assemblies, end of year	\$ 8,452	\$ 8,404

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

8. Land assemblies (cont.)

Land assemblies are valued at the lower of cost and net realizable value. The estimated net realizable value is determined using management's best estimates of future sales and costs. Management recognizes that changes in future conditions, such as market demand, assumed in making these estimates, are not predictable. Consequently, material adjustments to the carrying value of the asset are possible depending upon the impact of any changes and management's best estimate of them. In September 1998, the Province directed the Corporation to divest of the majority of its land holdings.

9. Rental properties

	2004			2003	
	Cost	Accumulated	Write down to Net Recoverable Amount	Net Book Value	Net Book Value
	(000's)	(000's)	(000's)	(000's)	(000's)
Non-profit housing					
- Capital cost	\$ 271,087	\$ 43,839	\$ 237	\$ 227,011	\$ 233,798
- Renovation costs	4,980	910	-	4,070	4,370
Market housing					
- Capital cost	6,785	2,412	-	4,373	4,601
Leased land	161	-	-	161	189
	\$ 283,013	\$ 47,161	\$ 237	\$ 235,615	\$ 242,958

10. Capital assets

	2004			2003	
	Cost	Accumulated	Net	Net	
	(000's)	Amortization	Book Value	Book Value	
	(000's)	(000's)	(000's)	(000's)	
Office buildings	\$ 7,512	\$ 2,285	\$ 5,227	\$ 5,384	
Furniture and office equipment	172	96	76	91	
Computer hardware	90	76	14	33	
Computer software	972	693	279	368	
Vehicles	1,876	1,556	320	528	
	\$ 10,622	\$ 4,706	\$ 5,916	\$ 6,404	

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

11. Deferred revenue

	2004 (000's)	2003 (000's)
Rentals	\$ 1,045	\$ 985
CMHC funding - PHRP	-	1,000
CMHC funding - SEP	-	284
	<u>\$ 1,045</u>	<u>\$ 2,269</u>

Rentals consist of rental payments received by the Corporation in advance of the due dates.

CMHC funding - PHRP represents funding related to the Provincial Home Repair Program (PHRP) to cover commitments at year end, budgeted to be paid in the next fiscal year.

CMHC funding - SEP represents prepayment for the Shelter Enhancement Program (SEP).

12. Capital replacement fund

In accordance with program guidelines for non-profit and urban native housing projects, sponsor groups are required to set aside funds for the replacement of major capital items. The funds are held on behalf of the project sponsors and are released as eligible capital replacement expenditures are incurred.

Transactions relating to the capital replacement fund during the year are as follows:

	2004 (000's)	2003 (000's)
Balance, beginning of year	\$ 7,362	\$ 6,767
Annual funding provisions	500	552
Interest accrued during the year	-	181
Replacement reserve funds remitted by sponsors	-	78
Capital replacement expenditures	(263)	(216)
Balance, end of year	<u>\$ 7,599</u>	<u>\$ 7,362</u>

13. Mortgage insurance fund

Upon signing the Canada - Newfoundland Social Housing Agreement (see Note 19), the Corporation assumed liability for all losses and costs that may be incurred in respect of a portfolio of loans that are owned and were previously insured by Canada Mortgage and Housing Corporation (CMHC). In return,

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

13. Mortgage insurance fund (cont.)

CMHC provided the Corporation with a \$3,000,000 mortgage insurance fund as protection against future losses. Losses on loans are deducted from the fund, while interest earnings were added to the fund until 1 April 2003. The Corporation ceased accruing interest as of 1 April 2003.

	2004 (000's)	2003 (000's)
Balance, beginning of year	\$ 2,654	\$ 2,724
Losses for the year	(23)	(130)
Accrued interest earned	-	60
Mortgages transferred to mortgages and loans receivable	776	-
Balance, end of year	\$ 3,407	\$ 2,654

The fund covers a portfolio of federal loans totaling \$175,736,700. The majority of these loans relate to either Social Housing projects that receive significant federal/provincial annual operating subsidies or nursing home accommodations with Provincial Government guarantees. While an independent actuarial valuation of the fund has not been carried out, the fund is considered adequate by the Corporation's management.

14. Mortgages, debentures and similar indebtedness

	2004 (000's)	2003 (000's)
With fixed terms of repayment		
(a) CMHC fixed rate term debentures, at an interest rate of 6.22% repayable in blended annual instalments of \$2,483,256, with due dates ranging from December 2021 to January 2030.	\$ 29,275	\$ 29,951
(b) Canadian Imperial Bank of Commerce fixed rate bankers acceptances, at an interest rate of 2.75%, due on 23 April 2004.	11,980	20,430
(c) Canadian Imperial Bank of Commerce term demand loan.	-	10,000
(d) Canadian Imperial Bank of Commerce fixed rate bankers acceptance, at an interest rate of 2.67%, due on 22 March 2005.	9,745	-
	\$ 51,000	\$ 60,381

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

14. Mortgages, debentures and similar indebtedness (cont.)

Principal repayments for the next five years on the \$51,000,000 of debt with fixed terms of repayment are as follows:

	(000's)
2005	\$ 22,437
2006	\$ 757
2007	\$ 805
2008	\$ 856
2009	\$ 908

15. CMHC investment in cost-shared programs

	2004 (000's)	2003 (000's)
Non-profit rental housing	\$ 91,988	\$ 92,807
Rural and native housing	58,187	64,176
Home repair assistance	11,526	14,023
	<u>\$ 161,701</u>	<u>\$ 171,006</u>

The principal and interest payments required to amortize CMHC's investment in non-profit rental housing and rural and native housing is funded entirely through the annual federal grant paid by CMHC, pursuant to the Canada - Newfoundland Social Housing Agreement signed in April 1997 (see Note 19).

Repayment of CMHC's investment in the home repair assistance programs has no fixed term and is dependant upon future repayments of principal and interest on mortgages and loans.

16. Contributed capital - Province of Newfoundland and Labrador

Contributed capital represents accumulated capital advances made to the Corporation by the Province. These advances are utilized by the Corporation to develop housing projects, land assemblies and related programs for the benefit of the residents of the Province.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

17. Contingent liabilities

- (a) Claims have been filed against the Corporation for:
- (i) General damages related to the enforcement of a Sales and Development Agreement for a shopping mall complex.
 - (ii) \$100,000 relating to funds withheld from a contractor for deficiencies on houses constructed. This claim was filed by the contractor against both the Corporation (the mortgagee) and the homeowners of the houses.
 - (iii) General damages related to an alleged breach of contract relating to the sale of an apartment and commercial complex property.

The above claims have not progressed far enough to enable the formation of a definite opinion as to their outcome. Therefore, the likelihood and the amount of loss to the Corporation is not determinable at this time.

- (b) The Corporation has provided guarantees on outstanding mortgage balances totaling \$774,037 for qualifying homeowners. Presently the probability of loss resulting from these guarantees is unlikely.
- (c) In 1996, the Corporation learned that possible environmental liabilities exist with respect to potential large quantities of fuel left in abandoned fuel storage facilities in the Stephenville area. The Corporation has removed some of the underground tanks and fuel lines and has undertaken some further study. To date, expenditures related to this work have totalled \$2,600,000. As well, based on the studies completed to date, further remediation is estimated to cost \$10,000,000.
- (d) In 1998, the Corporation learned that possible environmental liabilities exist with respect to environmental contaminants including hydrocarbons and various heavy metals in the soil and groundwater on 20 hectares of the total 102 hectares in the Paradise area. Title to this site had been transferred to the Town of Paradise during 1998-99 as part of the Corporation's land divestiture program; however, the Corporation will be liable for any costs that must be incurred to clean up the site. Information received from a study completed in January 2000 indicates that the estimated costs of undertaking site remediation based on the information to date is in the order of \$6,000,000.
- (e) During 1999, the Corporation learned of possible environmental liabilities relating to 16 underground fuel tanks in its Buckmaster's Circle rental property. As a result of an environmental study conducted in 2000, the cost of environmental remediation related to this property is estimated at \$1,000,000. To date, expenditures related to this work have totalled \$309,000.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

17. Contingent liabilities (cont.)

- (f) During 1999, the Corporation learned of possible environmental liabilities relating to 70 underground fuel tanks in some of its rental properties throughout the Province. The scope and extent of the environmental remediation required will be determined as the tanks are replaced. In accordance with environmental regulations, the tanks will be replaced by 2007.

18. Financial instruments

The Corporation's short-term financial instruments recognized on the balance sheet consist of accounts receivable, due from CMHC, bank indebtedness, accounts payable and accrued liabilities, and due to CLC. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. Any estimated impairment of accounts receivable has been provided for through an allowance for doubtful accounts and no further credit risk exists in relation to the short-term financial instruments.

The Corporation's long-term financial instruments recognized on the balance sheet consist of due from the Province of Newfoundland and Labrador - Labrador Housing Programs, mortgages and loans receivable, receivable from municipalities re: land transfers, and mortgages, debentures and similar indebtedness. Any estimated impairment of mortgages and loans receivable and receivable from municipalities re: land transfers is provided for through an allowance for impaired accounts and no further credit risk exists for these long-term receivables. Interest rates on the majority of mortgages and loans receivable and on mortgages, debentures and similar indebtedness are fixed to maturity. Therefore, the carrying values of these long-term financial instruments approximate their fair value and these instruments are not subject to any material interest rate risk.

19. Revenue from CMHC

CMHC's share of program subsidies and administration costs are as follows:

	2004 (000's)	2003 (000's)
1997 Canada-Newfoundland Social Housing Agreement	\$ 54,780	\$ 54,798
Provincial Home Repair Program	2,584	3,066
Residential Rehabilitation Assistance Program	448	526
<u>Mortgages</u>	<u>15</u>	<u>20</u>
	<u>\$ 57,827</u>	<u>\$ 58,410</u>

On 22 April 1997, the Corporation signed the Canada - Newfoundland Social Housing Agreement with CMHC replacing all existing social housing program agreements between the two parties relating to social housing programs, with the exception of certain loan and mortgage programs.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

20. Net administration

	2004 (000's)	2003 (000's)
Advertising and promotion	\$ 77	\$ 60
Computer system costs	1,140	1,192
General	421	348
Office equipment leases	56	70
Office equipment purchases	28	44
Office supplies	143	161
Rent, heat, light, cleaning and maintenance	1,264	1,278
Salaries and employee benefits	12,345	12,000
Telephone and postage	339	376
Travel and vehicle costs	360	396
Total administration	16,173	15,925
Less: recharged to capital projects	37	35
Net administration	\$ 16,136	\$ 15,890

21. Rental unit expenses

	2004 (000's)	2003 (000's)
Amortization	\$ 6,140	\$ 5,673
Bad debts	166	180
Heat, light and operating	8,487	9,229
Interest on long-term debt	22,449	23,450
Municipal taxes	4,479	4,623
Repairs and maintenance	13,412	12,735
	\$ 55,133	\$ 55,890

22. Commitments

The Corporation has commitments totaling \$2,012,000 comprised of uncompleted purchase and construction contracts at year end of \$204,000 and commitments under lending programs of \$1,808,000.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

23. Pensions

Under the *Housing Corporation Act*, Corporation staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Corporation and remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Corporation's share of pension contributions for 2004 was \$986,000 (2003 - \$ 875,000).

24. Self-insurance

With the exception of certain high-risk projects, the Corporation follows the policy of self-insuring its rental properties for property damage such as fire, water and vandalism. The costs of these repairs are charged to rental unit expenses.

25. Province of Newfoundland and Labrador contribution

The Province of Newfoundland and Labrador contributes approximately 10% of the Corporation's total revenues. The contribution enables the Corporation to carry out its overall mandate and to meet its fiscal challenges.

The Corporation's ability to continue to fulfill its mandate is dependent upon the decisions of the Province of Newfoundland and Labrador.

26. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

**NEWFOUNDLAND AND LABRADOR HYDRO
FINANCIAL STATEMENTS**

December 31, 2003

Auditors' Report

To the Lieutenant-Governor in Council
Province of Newfoundland and Labrador

We have audited the consolidated balance sheet of **Newfoundland and Labrador Hydro** as at December 31, 2003, and the consolidated statements of loss and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the

accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2003, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by The Hydro Corporation Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

The financial statements as at December 31, 2002, and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated February 14, 2003.



Chartered Accountants
St. John's, Newfoundland and Labrador
Canada
February 5, 2004

Consolidated Balance Sheet

As at December 31 (millions of dollars)

	2003	2002
ASSETS		
Capital assets (Note 2)		
Capital assets in service	2,632.5	2,604.7
Less contributions in aid of construction	106.5	108.9
	2,526.0	2,495.8
Less accumulated depreciation	780.5	745.7
	1,745.5	1,750.1
Construction in progress	47.5	154.6
	1,793.0	1,904.7
Current assets		
Cash and cash equivalents	0.1	0.2
Accounts receivable	56.5	62.0
Current portion of long-term receivables (Note 3)	35.5	27.5
Fuel and supplies at average cost	48.5	48.0
Prepaid expenses	2.5	2.5
	143.1	140.2
Long-term receivables (Note 3)	130.7	110.6
Sinking funds (Note 9)	70.1	48.7
Investments (Note 4)	5.2	5.2
Rate stabilization plan	-	20.5
Deferred charges (Note 6)	89.2	89.4
	2,231.3	2,319.3

See accompanying notes

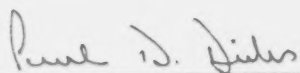
Consolidated Balance Sheet

As at December 31 (millions of dollars)

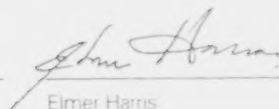
	2003	2002
LIABILITIES AND SHAREHOLDER'S EQUITY		
Long-term debt (Note 7)	1,447.8	1,354.9
Current liabilities		
Bank indebtedness	6.7	4.4
Short-term borrowing	1.8	3.3
Accounts payable and accrued liabilities	51.6	59.3
Accrued interest	30.5	27.7
Long-term debt due within one year (Note 7)	30.7	50.2
Promissory notes (Note 7)	149.8	181.5
	271.1	326.4
Employee future benefits (Note 8)	32.0	29.6
Non-controlling interest in LCDC (Note 2)	2.5	14.8
Shareholder's equity		
Share capital		
Common shares of par value of \$1 each		
Authorized 25,000,000 shares; issued 22,503,942 shares	22.5	22.5
Contributed capital (Notes 2 and 4)		
Lower Churchill Development	15.4	15.4
Muskrat Falls Project	2.2	2.2
Gull Island Project	100.0	100.0
Retained earnings	337.8	453.5
	477.9	593.6
Commitments and contingencies (Note 11)	-	-
	2,231.3	2,319.3

See accompanying notes

On behalf of the Board:



Paul Dicks
Director



Elmer Harris
Director

Consolidated Statement of Loss and Retained Earnings

<i>Year ended December 31 (millions of dollars)</i>	2003	2002
Revenue		
Energy sales	407.8	399.6
Recovery of costs in rate stabilization plan	16.7	14.0
Guaranteed winter availability	11.9	9.5
Rentals and royalties	0.3	0.3
Other	4.8	4.2
	441.5	427.6
Expenses		
Operations and administration	125.8	125.8
Fuels	84.6	73.2
Amortization of costs in rate stabilization plan	16.7	14.0
Power purchased	26.1	15.8
Depreciation	45.0	43.0
Interest (Note 10)	99.3	97.8
	397.5	369.6
Net income before unusual items	44.0	58.0
Unusual items (Note 2)		
Write-down of capital assets	(130.9)	-
Less non-controlling interest	12.3	-
	(118.6)	-
Net (loss) income	(74.6)	58.0
Retained earnings, beginning of year	453.5	523.5
	378.9	581.5
Dividends	41.1	128.0
Retained earnings, end of year	337.8	453.5

See accompanying notes

Consolidated Statement of Cash Flows

<i>Year ended December 31 (millions of dollars)</i>	2003	2002
Cash provided by (used in):		
Operating activities		
Net income (loss)	(74.6)	58.0
Adjusted for items not involving a cash flow		
Depreciation	45.0	43.0
Amortization of deferred charges	4.1	4.0
Rate stabilization plan	20.5	64.5
Other	3.4	-
Foreign exchange gain	(1.0)	(0.1)
Write-down of capital assets (net of non-controlling interest)	118.6	-
	116.0	169.4
Change in non-cash balances related to operations		
Accounts receivable	5.5	(5.6)
Fuel and supplies	(0.5)	(1.7)
Prepaid expenses	-	(0.5)
Accounts payable and accrued liabilities	(8.2)	11.8
Accrued interest	2.8	2.2
Employee future benefits	2.4	1.1
Long-term receivable	(49.6)	(104.8)
	68.4	71.9
Financing activities		
Long-term debt issued	125.0	250.0
Long-term debt retired	(36.8)	(138.1)
Foreign exchange loss recovered	5.2	8.5
Increase (decrease) in short-term borrowing	(1.5)	3.3
Increase (decrease) in promissory notes	(31.7)	43.5
Dividends	(41.1)	(128.0)
	19.1	39.2
Investing activities		
Net additions to capital assets	(67.3)	(109.7)
Decrease in short-term investments	-	4.0
Increase in sinking funds	(19.2)	(14.1)
Reductions (additions) to deferred charges	(3.9)	6.7
Change in accounts payable related to investing activities	0.5	(1.2)
	(89.9)	(114.3)
Net decrease in cash	(2.4)	(3.2)
Cash position, beginning of year	(4.2)	(1.0)
Cash position, end of year	(6.6)	(4.2)
Cash position is represented by		
Cash and cash equivalents	0.1	0.2
Bank indebtedness	(6.7)	(4.4)
	(6.6)	(4.2)
Supplementary disclosure of cash flow information		
Income taxes paid	0.2	0.2
Interest income received	0.6	1.7
Interest paid	109.6	104.1

See accompanying notes.

Notes to Consolidated Financial Statements

Newfoundland and Labrador Hydro ("Hydro") is incorporated under a special act of the Legislature of the Province of Newfoundland and Labrador ("Province") as a Crown Corporation and its principal activity is the development, generation and sale of electric power. Hydro and its subsidiary and jointly controlled companies, other than Twin Falls Power Corporation Limited ("Twin Falls"), are exempt from paying income taxes under Section 149 (1)(d) of the Income Tax Act.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Preparation of these consolidated financial statements requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Actual results may differ from these estimates.

Rates and Regulations

(Excluding Sales by Subsidiaries)

Hydro's earnings from its electrical sales to most customers within the Province are regulated on the basis of return on rate base. As well, Hydro's borrowing and capital expenditure programs are subject to review and approval by the Public Utilities Board ("PUB").

Rates charged rural customers do not recover the full costs of providing the service but Hydro recovers the resulting deficit from other customers.

Principles of Consolidation

The consolidated financial statements include the financial statements of Hydro and its subsidiary companies, Gull Island Power Company Limited ("GIPCo"), (100% owned) and Lower Churchill Development Corporation Limited ("LCDC"), (51% owned).

Effective June 18, 1999, Hydro, Churchill Falls (Labrador) Corporation Limited ("CFILCo") and Hydro-Québec entered into a shareholders' agreement which provided, among other matters, that certain of the strategic operating, financing and investing policies of CFILCo, be subject to approval jointly by representatives of Hydro and Hydro-Québec. Although Hydro retains its 65.8% ownership interest, the agreement changed the nature of the relationship between Hydro and Hydro-Québec, with respect to CFILCo, from that of majority and minority shareholders, respectively, to that of joint venturers. Accordingly, Hydro has adopted the proportionate consolidation method of accounting for its interest in CFILCo, subsequent to the effective date of the shareholders' agreement.

CFILCo is incorporated under the laws of Canada and has completed and commissioned a hydroelectric generating plant and related transmission facilities situated in Labrador which has a rated capacity of 5,428,000 kilowatts ("CFILCo Project"). A power contract with Hydro-Québec, dated May 12, 1969 ("Power Contract") provides for the sale of substantially all the energy from the CFILCo Project until 2041. CFILCo receives certain benefits from Hydro-Québec, including significant revenues, under a guaranteed winter availability contract through 2041.

CFILCo holds 33.33% of the equity share capital of Twin Falls Power Corporation Limited and is a party with other shareholders in a participation agreement which gives CFILCo joint control of Twin Falls. This investment is accounted for by the proportionate consolidation method.

The cost of Hydro's investment in CFILCo exceeded the equity in the book value of the net assets acquired by \$77.1 million. This amount is assigned to capital assets and is being amortized on a straight-line basis at the rate of 1.5% per annum. As at December 31, 2003, \$33.6 million (2002 - \$32.4 million) had been amortized.

Under the terms and conditions of the Churchill Falls (Labrador) Corporation (Lease) Act, 1961, CFILCo must pay rentals and royalties to the Province annually.

A portion of Hydro's shareholding in CFILCo is deposited in a voting trust pursuant to an agreement with Hydro-Québec.

GIPCo is incorporated under the laws of Canada. Its objective was to develop the hydroelectric potential at Gull Island on the Lower Churchill River in Labrador, and construct a direct current transmission system from Labrador to the island of Newfoundland ("Gull Island Project"). (Note 4)

LCDC is incorporated under the laws of Newfoundland and Labrador and was established with the objective of developing all or part of the hydroelectric potential of the Lower Churchill River ("Lower Churchill Development"). (Note 4)

Twin Falls is incorporated under the laws of Canada and has developed a 225 MW hydroelectric generating plant on the Unknown River in Labrador. The plant has been inoperative since 1974.

Cash Equivalents and Short-Term Investments

Cash equivalents and short-term investments consist primarily of Canadian treasury bills and banker's acceptances. Those with original maturities at date of purchase of three months or less are classified as cash equivalents, whereas those with original maturities beyond three months and less than twelve months are classified as short-term investments. Both are stated at cost, which

approximates market value. As at December 31, 2003, and 2002, there were no cash equivalents or short-term investments outstanding.

Capital Assets and Depreciation

Expenditures for additions, improvements and renewals are capitalized and normal expenditures for maintenance and repairs are charged to operations.

Hydro, GIPCo. and LCDC

Construction in progress includes the costs incurred in preliminary feasibility studies, engineering and construction of new generation, transmission and distribution facilities. Interest is charged to construction in progress at rates equivalent to the weighted average cost of capital.

Hydro makes provision in its accounts for future removal and site restoration costs over the life of new assets, when such costs can be reasonably estimated and it is not expected that the asset will be replaced at the same location. For existing assets which are not expected to be replaced at the same location, net salvage costs are amortized after retirement. If an asset is expected to be replaced at the same location, net salvage costs are amortized over the life of the replacement asset.

Contributions in aid of construction are funds received from customers and governments toward the incurred cost of capital assets, or the fair value of assets contributed. Contributions are treated as a reduction to capital assets and the net capital assets are depreciated.

Depreciation is calculated on hydroelectric generating plant and on transmission plant in service on the sinking fund method using interest factors ranging from 5.25% to 15.79%. Depreciation on other plant in service is calculated on the straight-line method. These methods are designed to fully amortize the cost of the facilities, after deducting contributions in aid of construction, over their estimated service lives.

Estimated service lives of the major assets are as follows:

Generation Plant	
Hydroelectric	50, 75 and 100 years
Thermal	25 and 30 years
Diesel	20 years
Transmission	
Lines	40 and 50 years
Switching stations	40 years
Distribution System	
Other	3 to 50 years

CF(L)Co.

CF(L)Co. uses the group depreciation method for certain capital assets other than the generation plant, transmission and terminals and service facilities.

Depreciation is provided on a straight-line basis over the following estimated useful lives:

Generation Plant	
Hydroelectric	67 years
Transmission and Terminals	
Service facilities	67 years
Other	5 to 100 years

CF(L)Co. has made no provision in its accounts for future removal and site restoration costs as they cannot be estimated at this time.

Losses on other than normal retirements are charged to operations in the year incurred as adjustments to depreciation expense.

Debt Discount and Financing Expenses

These costs are amortized on a straight-line basis over the lives of the respective debt issues.

Rate Stabilization Plan

On January 1, 1986, Hydro, having received the concurrence of the PUB, implemented a Rate Stabilization Plan ("RSP") which primarily provides for the deferral of cost variances resulting from changes in fuel prices, levels of precipitation and load. Adjustments required in retail rates to cover the amortization of the balance in the plan do not require a reference to the PUB and are implemented on July 1 of each year. Similar adjustments required in industrial rates are implemented on January 1 of each year.

In 2002, the PUB ordered changes with respect to the recovery of the balance in the RSP, as well as for any future balances that may accumulate. The RSP balance as at August 31, 2002, has been converted to a long-term receivable and the balance outstanding at December 31, 2002, is to be recovered over a five-year period, which commenced in 2003 (Note 3). In 2003, the PUB further ordered that the RSP activity for the period September - December 2002 and all of 2003 be consolidated with the August 2002 balance. Any subsequent balances accumulating in the RSP are to be recovered in the following year, with the exception of hydraulic variation, which will be recovered at a rate of 25% of the outstanding balance at year-end.

Notes to Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

Promissory Notes

Promissory Notes bear interest from 2.66% to 2.93% per annum (2002 - 2.80% to 3.29%) with carrying value approximating fair value due to their short-term nature.

Revenue Recognition

Revenue is recorded on the basis of power deliveries made.

Deferred revenue represents amounts billed under the Power Contract in excess of energy delivered. Amounts related to energy delivered in excess of the base amount, as defined by the Power Contract, are recorded as receivables. Differences between amounts related to energy delivered and the base amounts are determined annually and are subject to interest at 7% per annum (2002 - 7%).

Foreign Currency Translation

Foreign currency transactions are translated into their Canadian dollar equivalent as follows:

- (a) At the transaction date, each asset, liability, revenue or expense is translated using exchange rates in effect at that date.
- (b) At each balance sheet date monetary assets and liabilities are adjusted to reflect exchange rates in effect at that date.
- (i) In the case of Hydro, foreign exchange losses related to long-term debt, including current portion, are subject to the rate setting process. The PUB has accepted the inclusion by Hydro of realized foreign exchange losses in rates charged to customers. Any such loss, net of any gain, not recovered due to the operation of the rate setting process is deferred to the time of the next rate hearing for inclusion in the new rates to be set at that time. This amortization is included in interest expense. Commencing in 2002, the PUB ordered Hydro's deferred foreign exchange losses, net of the \$10.0 million provision previously accumulated, be amortized over a forty-year period (Note 6).

- (ii) Under the provisions of the Power Contract CFILCo's exposure for a foreign exchange loss is limited. CFILCo recovers a portion of the difference between actual foreign exchange rates prevailing at the settlement dates of its First Mortgage Bonds and a Weighted Average Exchange Rate as defined in the Power Contract. The portion of the unrealized foreign exchange loss which is recoverable on the settlement dates, is included in long-term receivables (Note 3).

Financial Instruments

From time to time, Hydro enters into interest rate swap agreements to manage interest rate risk. Net receipts or payments under the swap agreements are recorded as adjustments to interest expense.

Employee Future Benefits

Employees participate in the Province's Public Service Pension Plan, a multi-employer defined benefit plan. The employer's contributions are expensed as incurred.

Hydro provides group life insurance and health care benefits on a cost-shared basis to retired employees, in addition to a severance payment upon retirement. The expected cost of providing these other employee future benefits is accounted for on an accrual basis, and has been actuarially determined using the projected benefit method prorated on service and management's best estimate of salary escalation, retirement ages of employees, and expected health care costs. The excess of net cumulative actuarial gains and losses over 10% of the accrued benefit obligation are amortized over the expected average remaining service life of the employee group, which is approximately 12 years.

2. CAPITAL ASSETS

	Capital Assets in Service	Contributions in Aid of Construction	Accumulated Depreciation	Construction in Progress
<i>millions of dollars</i>	2003			
Generation Plant				
Hydroelectric	1,347.3	20.5	267.0	0.2
Thermal	227.0	-	175.7	-
Diesel	59.5	6.7	23.4	-
Transmission and Distribution	718.2	54.9	168.5	0.6
Service facilities	22.0	-	9.8	-
Project costs (Note 4)	-	-	-	-
Capital studies (Note 4)	-	-	-	-
Other	258.5	24.4	136.1	46.7
	2,632.5	106.5	780.5	47.5
<i>millions of dollars</i>	2002			
Generation Plant				
Hydroelectric	1,243.6	20.5	256.1	102.7
Thermal	223.5	-	173.3	0.2
Diesel	62.5	7.9	23.1	0.1
Transmission and Distribution	693.3	56.0	155.7	1.0
Service facilities	22.0	-	9.5	-
Project costs (Note 4)	96.4	-	-	-
Capital studies (Note 4)	25.0	-	-	-
Other	238.4	24.5	128.0	50.6
	2,604.7	108.9	745.7	154.6

Included in the above amounts are CF(L)Co. assets in service amounting to \$636.1 million (2002 - \$633.6 million) which are pledged as collateral for long-term debt.

Management has reviewed the carrying balance of its Capital Assets in Service and Construction in Progress for hydro-electric developments in Labrador. As Hydro has been unable to successfully conclude development plans at this time, it has decided to write-down project costs related

to GIPCo. by \$96.3 million, capital studies related to LCDC by \$25.0 million, and construction in progress by \$9.6 million, to its best estimate of the net recoverable amount. The write-down of capital studies also results in a reduction of \$12.3 million in the non-controlling interest in LCDC. The project costs in GIPCo. and capital studies in LCDC were funded by the shareholder in prior years through the provision of contributed capital.

Notes to Consolidated Financial Statements

3. LONG-TERM RECEIVABLES

<i>millions of dollars</i>	2003	2002
Rate Stabilization Plan		
Retail	114.8	76.3
Industrial	40.9	28.0
	155.7	104.3
Hydro-Québec		
Unrealized foreign exchange	9.5	31.1
Other	1.0	2.7
	10.5	33.8
Less current portion of long-term receivables	35.5	27.5
	130.7	110.6

The receivable arising from the RSP bears interest at the weighted average cost of capital which is approximately 7.2% and is to be recovered over a five-year period, which commenced in 2003.

The other long-term receivable from Hydro-Québec bears interest at 7% per annum and is receivable over a four year period which commenced in September 2000.

4. INVESTMENTS

<i>millions of dollars</i>	2003	2002
Lower Churchill Option	5.2	5.2

LCDC was incorporated in 1978 pursuant to the provisions of an agreement ("Principal Agreement"), between the Province and the Government of Canada. The Province and the Government of Canada own equity interests of 51% and 49% of LCDC, respectively. The Principal Agreement provides that future issues of Class A common shares shall preserve, as nearly as possible, this ratio of beneficial ownership. Hydro is the designate for the Province's shareholding in LCDC.

Upon agreement to continue with the Lower Churchill Development, GIPCo's assets and the hydroelectric development rights to the Lower Churchill River, ("Water Rights"), will be acquired by LCDC pursuant to the provisions of an agreement between LCDC and the Province, ("Option Agreement"). The purchase price in respect of GIPCo's assets will be a maximum of \$100.0 million less \$5.2 million representing the value assigned

to 520 Class A common shares of LCDC issued pursuant to the signing of the Option Agreement. As consideration for GIPCo's assets, LCDC will issue a 10% Convertible Demand Debenture in the amount of \$94.8 million. LCDC will issue 3,000 Class B common shares, without nominal or par value, to the Province in consideration of the Water Rights and the Province will transfer such shares to Hydro. The parties have agreed that the value of each Class B common share is \$10,000. The Option Agreement expires November 24, 2004.

Hydro holds 1,540 Class A common shares of LCDC which have a stated value of \$10,000 each. 520 shares were acquired in 1979 pursuant to signing of the Option Agreement and 510 shares were acquired in each of the years 1980 and 1981, by way of capital contributions from the Province.

5. JOINT VENTURE

The following amounts included in the consolidated financial statements represent Hydro's proportionate share of CF(L)Co.'s assets and liabilities at December 31, 2003, and

its proportionate interest in CF(L)Co.'s operations for the year ended December 31, 2003.

<i>millions of dollars</i>	2003	2002
Current assets	24.0	34.6
Long-term assets	347.9	371.7
Current liabilities	29.4	45.3
Long-term liabilities	84.0	113.9
Revenues	61.7	62.9
Expenses	48.5	49.0
Net income	13.2	13.9
Cash provided by (used in)		
Operating activities	34.1	25.4
Financing activities	(30.4)	(24.3)
Investing activities	(2.6)	1.6

6. DEFERRED CHARGES

<i>millions of dollars</i>	2003	2002
Debt discount, financing expenses and other	20.1	19.6
Accumulated amortization	12.9	14.3
	7.2	5.3
Foreign exchange losses realized	96.3	96.3
Accumulated provision	10.0	10.0
	86.3	86.3
Accumulated amortization	4.3	2.2
	82.0	84.1
Net deferred charges	89.2	89.4

Notes to Consolidated Financial Statements

7. LONG-TERM DEBT

	Hydro	CF(L)Co	Total	Hydro	CF(L)Co	Total
<i>millions of dollars</i>	2003			2002		
Summary of long-term debt						
Long-term debt	1,377.2	101.3	1,478.5	1,257.1	148.0	1,405.1
Less payments due within one year	13.4	17.3	30.7	16.1	34.1	50.2
	1,363.8	84.0	1,447.8	1,241.0	113.9	1,354.9

Required repayments of long-term debt and sinking fund requirements over the next five years will be as follows:

<i>millions of dollars</i>	2004	2005	2006	2007	2008
	30.7	29.3	228.3	20.9	213.7

The payments due within one year include sinking fund requirements of \$10.0 million (2002 - \$8.8 million).

Details of long-term debt are as follows:

Hydro

Series	Interest Rate %	Year of Issue	Year of Maturity		
<i>millions of dollars</i>				2003	2002
AC	5.05	2001	2006	200.0	200.0
AA	5.50	1998	2008	200.0	200.0
V	10.50	1989	2014	125.0	125.0
X	10.25	1992	2017	150.0	150.0
Y	8.40	1996	2026	300.0	300.0
AB	6.65	2001	2031	300.0	300.0
AD	5.70	2003	2033	125.0	-
Total debentures				1,400.0	1,275.0
Less sinking fund investments in own debentures				43.8	46.0
				1,356.2	1,229.0
Government of Canada loans at 5.25% to 7.91% maturing in 2006 to 2014				18.8	25.1
Other				2.2	3.0
				1,377.2	1,257.1
Less payments due within one year				13.4	16.1
				1,363.8	1,241.0

(a) Sinking funds have been established for these issues.

Promissory notes, debentures and long-term loans are unsecured and unconditionally guaranteed as to principal and interest and where applicable, sinking fund payments, by the Province. The Province charges Hydro a guarantee

fee of 1% annually on the total debt (net of sinking funds) guaranteed by the Province, outstanding as of the preceding December 31.

CF(L)Co.

millions of dollars

	2003	2002
First Mortgage Bonds		
7.750% Series A due December 15, 2007 (U.S. \$43.6, 2002 - U.S. \$63.4)	56.4	100.2
7.875% Series B due December 15, 2007	4.4	6.4
General Mortgage Bonds		
7.500% due December 15, 2010	40.5	41.4
	101.3	148.0
Less payments due within one year	17.3	34.1
	84.0	113.9

The First Mortgage Bonds, Series A and B, are repayable in fixed semi-annual and in contingent annual sinking fund instalments. There have been no contingent repayments required in the last five years.

The Deed of Trust and Mortgage securing the General Mortgage Bonds provides for semi-annual sinking fund payments and a balloon payment at maturity. Each semi-annual payment is equal to 1% of the aggregate principal amount outstanding on January 1, preceding each payment date. The General Mortgage Bonds are subordinate to the First Mortgage Bonds.

Due to the contingent nature of the amounts of certain of the sinking fund instalments, it is not possible to be precise concerning long-term debt repayments over the next five years; however fixed sinking fund payments are estimated to average \$13.2 million in each of the years 2004 to 2008 inclusive.

Under the terms of long-term debt instruments, CF(L)Co. may pay cash dividends only out of earnings, as defined, accumulated from September 1, 1976. A shareholders' agreement signed in June, 1999, places additional restrictions on dividends, based on cash flow.

8. EMPLOYEE FUTURE BENEFITS

Pension Plan

Employees participate in the Province's Public Service Pension Plan, a multi-employer defined benefit plan. The employers' contributions of \$4.1 million (2002 - \$3.6 million) are expensed as incurred.

Other Benefits

Additionally, Hydro provides group life insurance and health care benefits on a cost-shared basis to retired employees, and in certain cases, their surviving spouses, in addition to a severance payment upon retirement. Information about these plans is as follows:

millions of dollars

	2003	2002
Accrued benefit obligation		
Balance at beginning of year	37.5	28.5
Current service cost	1.3	0.9
Interest cost	2.6	2.0
Actuarial loss	-	7.5
Past service cost	-	0.4
Benefits paid	(1.9)	(1.8)
Balance at end of year	39.5	37.5
Plan deficit	39.5	37.5
Unamortized actuarial loss	(7.1)	(7.5)
Unamortized past service cost	(0.4)	(0.4)
Accrued benefit liability at end of year	32.0	29.6

Notes to Consolidated Financial Statements

8. EMPLOYEE FUTURE BENEFITS (Cont'd)

The most recent actuarial valuation was performed as at December 31, 2002. The significant actuarial assumptions used in measuring the company's accrued benefit obligations include a discount rate of 7.0% and an average rate of compensation increase of 3.5%. In addition, in

determining the expected cost of healthcare benefits, it was assumed that healthcare costs will increase by 12.0% in 2003, and decrease gradually to 5.0% in 2010 and remain level thereafter.

The net benefit plan expense is as follows:

<i>millions of dollars</i>	2003	2002
Current service cost	1.3	0.9
Interest cost	2.6	2.0
Amortization of actuarial loss	0.4	—
Net benefit plan expense	4.3	2.9

9. FINANCIAL INSTRUMENTS

Fair Value

The estimated fair values of financial instruments as at December 31, 2003, and 2002 are based on relevant market prices and information available at the time. The fair value of long-term receivable, long-term debt and the long-term payable is estimated based on the quoted market price for the same or similar debt instruments. The fair value

estimates below are not necessarily indicative of the amounts that Hydro might receive or incur in actual market transactions. As a significant number of Hydro's assets and liabilities, including fuels and supplies and capital assets, do not meet the definition of financial instruments, the fair value estimates below do not reflect the fair value of Hydro as a whole.

	Carrying Value	Fair Value	Carrying Value	Fair Value
<i>millions of dollars</i>	2003		2002	
Financial Assets				
Sinking funds	70.1	76.3	48.7	54.2
Long-term receivable including amount due in one year	166.2	166.2	138.1	138.2
Financial Liabilities				
Long-term debt including amount due in one year	1,478.5	1,769.6	1,405.1	1,670.4

Cash and cash equivalents, short-term investments, accounts receivable, bank indebtedness, accounts payable, accrued interest and promissory notes are all short-term in nature and as such, their carrying value approximates fair value. At December 31, 2003, of the total accounts receivable balance outstanding approximately 50.0% (2002 - 46.9%) is due from a regulated utility, and 24.0% (2002 - 25.1%) from Hydro-Québec.

Sinking Funds

Sinking fund investments consist of bonds, debentures, promissory notes and coupons issued by, or guaranteed by, the Government of Canada or any province of Canada, and have maturity dates ranging from 2009 to 2031. Hydro debentures which Management intends to hold to maturity are deducted from long-term debt while all other sinking fund investments are shown separately on the balance sheet as assets. Annual contributions to the various sinking funds are as per bond indenture terms, and are structured to ensure the availability of adequate funds at the time of expected bond redemption. Effective yields range from 5.33% to 9.86% (2002 - 5.80% to 10.55%).

10. INTEREST EXPENSE

<i>millions of dollars</i>	2003	2002
Gross interest		
Long-term debt	109.9	105.3
Promissory notes	5.7	5.0
	115.6	110.3
Amortization of debt discount and financing expenses	1.0	1.3
Provision for foreign exchange losses	2.2	2.2
Foreign exchange gain	(1.0)	(0.1)
	117.8	113.7
Less		
Recovered from Hydro-Québec	3.2	5.3 (a)
Interest capitalized during construction	7.3	7.7
Interest earned	21.9	15.1
Net interest expense	85.4	85.6
Debt guarantee fee	13.9	12.2
Net interest and guarantee fee	99.3	97.8

(a) Under the terms of the Power Contract, CFILCo. recovers the difference between interest calculated at the rates prescribed in the Power Contract and interest paid on its long-term debt.

Also, CFILCo. can request Hydro and Hydro-Québec to make advances against the issue of Subordinated Debt Obligations, to service its debt and to cover expenses if funds are not otherwise available. If such request fails to attract sufficient advances, CFILCo. can require

Hydro-Québec to make additional advances, against the issue of units of Subordinate Debentures and shares of common stock, to service its debt and to cover its expenses that remain unfunded.

11. COMMITMENTS AND CONTINGENCIES

- (a) Under the terms of a sublease with Twin Falls, expiring on December 31, 2014, CFILCo. is required to deliver to Twin Falls, at an agreed price, horsepower equivalent to the installed horsepower of the Twin Falls plant and to maintain Twin Falls' plant and equipment.

The results of a recent Environmental Site Assessment ("ESA") conducted at the Twin Falls Generating Station indicate higher than acceptable concentrations of contaminants in the soil and waters adjacent to the powerhouse. Further testing is to be conducted to determine the extent of contamination, and a remediation plan will be developed in consultation with regulatory agencies. At this time the magnitude of potential liability cannot be estimated due to insufficient knowledge of the extent of contamination. Further, there is uncertainty with respect to whether Twin Falls or CFILCo. is responsible for any environmental liabilities that are determined to exist.

- (b) Hydro has received claims instituted by various companies and individuals with respect to outages and

other miscellaneous matters. The aggregate of these claims, less any amounts that have been provided for in Hydro's financial statements is approximately \$16.2 million (2002 - \$6.4 million). The final resolution of these matters is currently under negotiation.

Legal proceedings have been commenced against Hydro by one of its customers claiming approximately \$22.4 million related to outages and plant shutdowns. Hydro is defending this claim and Management believes that this claim will not be successful.

- (c) Outstanding commitments for capital projects total approximately \$14.1 million at December 31, 2003 (2002 - \$23.8 million).
- (d) In connection with the Granité Canal development, Hydro has issued an irrevocable Letter of Credit, in the amount of \$5.4 million to ensure compliance with the terms of the Fish Habitat Compensation Agreement between Hydro and the Department of Fisheries and Oceans.

12. COMPARATIVE FIGURES

Certain of the 2002 comparative figures have been reclassified to conform with the 2003 financial statement presentation.

NEWFOUNDLAND AND LABRADOR
INDUSTRIAL DEVELOPMENT CORPORATION

FINANCIAL STATEMENTS

31 MARCH 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Directors
Newfoundland and Labrador Industrial
Development Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Industrial Development Corporation as at 31 March 2004 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read "John L. Noseworthy".

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
28 June 2004

**NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT
CORPORATION**

BALANCE SHEET

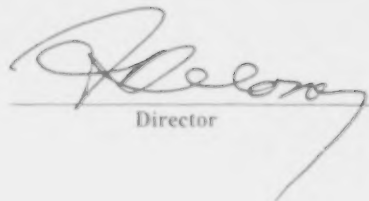
31 March

	2004	2003
	(000's)	(000's)
ASSETS		
Current		
Cash	\$ 293	\$ 155
Accrued interest receivable	-	1
	293	156
Investments at cost (Note 2)	30,450	30,135
Loans receivable (Note 3)	-	450
	\$ 30,743	\$ 30,741
LIABILITIES AND SURPLUS		
Current		
Accounts payable and accrued liabilities	\$ 1	\$ 1
Long-term debt (Note 4)	29,546	29,546
	29,547	29,547
Surplus	1,196	1,194
	\$ 30,743	\$ 30,741

See accompanying notes

Signed on behalf of the Board:


Chairperson


Director

**NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT
CORPORATION**

STATEMENT OF REVENUES, EXPENSES AND SURPLUS

For the Year Ended 31 March

	2004	2003
	(000's)	(000's)
REVENUES		
Interest and investment income	\$ 4	\$ 67
EXPENSES		
Professional services	2	1
Excess of revenues over expenses	2	66
Surplus, beginning of year	1,194	1,128
Surplus, end of year	\$ 1,196	\$ 1,194

See accompanying notes

NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT
CORPORATION

STATEMENT OF CASH FLOWS

For the Year Ended 31 March

	2004	2003
	(000's)	(000's)
Cash flows from operating activities		
Excess of revenues over expenses	\$ 2	\$ 66
Changes in non-cash working capital	1	3
	3	69
Cash flows from investing activities		
Proceeds from share redemptions	135	300
Cash flows from financing activities		
Repayment of long-term debt	-	(900)
Investment reserve repaid to Province	-	(1,686)
	-	(2,586)
Net increase (decrease) in cash	138	(2,217)
Cash, beginning of year	155	2,372
Cash, end of year	\$ 293	\$ 155

See accompanying notes

**NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT
CORPORATION**
NOTES TO FINANCIAL STATEMENTS
31 March 2004

Authority

The Newfoundland and Labrador Industrial Development Corporation (NIDC) operates under the authority of the *Industrial Development Corporation Act*. The primary purpose of NIDC is to provide long-term financing to industrial and resource-based companies. Funding is secured through various means including borrowing from the Province of Newfoundland and Labrador (Province). The affairs of NIDC are managed by a Board of Directors appointed by the Lieutenant-Governor in Council.

1. Basis of accounting

These financial statements have been prepared by NIDC's management in accordance with Canadian generally accepted accounting principles.

2. Investments

	2004 (000's)	2003 (000's)
Terra Nova Shoes Limited Class T Common Shares at an agreed value of \$5,000 each	\$ -	\$ 135
Water rights held in Labrador	30,000	30,000
INCO Limited, 5 Common Shares	-	-
Griffiths Guitars International Limited, 43,269 Preference Shares	450	-
	\$ 30,450	\$ 30,135

(a) Terra Nova Shoes Limited

The Company was to redeem annually, at \$5,000 each, Class T common shares held by NIDC for a total amount which was the lesser of:

- (i) a fixed percentage of the Company's after tax earnings for the immediately preceding fiscal year; and
- (ii) \$300,000.

On 31 December 2003, the Company redeemed the final 27 shares at \$5,000 each for a total of \$135,000.

NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

31 March 2004

2. Investments (cont.)

(b) Water rights held in Labrador

Pursuant to an agreement dated 24 November 1978, the Lower Churchill Development Corporation Limited (LCDC) has the option of purchasing NIDC's water rights to the Lower Churchill River in consideration for the issuance of 3,000 Class B common shares without nominal or par value. These shares will then be transferred to Newfoundland and Labrador Hydro. This option was to expire 24 November 1996 but has been extended to 24 November 2004. LCDC was incorporated under the *Corporations Act* and is owned 51% by Newfoundland and Labrador Hydro and 49% by the Government of Canada. LCDC was established with the objective of developing all or part of the hydro-electric potential of the Lower Churchill Basin.

(c) INCO Limited

During 1997-98, NIDC purchased five shares of INCO Limited at a cost of \$138.00 (\$27.60 per share).

(d) Griffiths Guitars International Limited

During 2003-04, NIDC converted a loan receivable from Griffiths Guitars International Limited to 43,269 preference shares. This was completed at the request of the Company as part of a refinancing package.

3. Loans receivable

	2004 (000's)	2003 (000's)
Loans receivable	\$ 250	\$ 700
Allowance for doubtful accounts	(250)	(250)
	\$ -	\$ 450

During 1998-99, NIDC was authorized by the Province to provide a loan of \$250,000 to Picadilly Plastic Inc. The loan is repayable in blended semi-annual payments of principal and interest of \$37,709 commencing in August 2002. The loan is non-interest bearing for the first three years and thereafter will bear an interest rate of 8.75%. In accordance with the Debenture Agreement securing the loan, NIDC subordinated its security position during 1999-2000 which enabled the company to obtain additional long-term financing. Due to financial difficulties, the company has not made any payments, has ceased operations, and its assets have been tendered for sale by the first mortgagor. An allowance for doubtful accounts of \$250,000 has been recorded in the financial statements.

**NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT
CORPORATION**
NOTES TO FINANCIAL STATEMENTS
31 March 2004

3. Loans receivable (cont.)

During 2000-01, NIDC was authorized by the Province to provide a loan of \$450,000 to Griffiths Guitars International Limited with NIDC being provided funding for this loan through a \$450,000 grant from the Province. The loan was non-interest bearing and was to be repaid in five annual installments payable within three months of the Company's fiscal year end, commencing with the fiscal year ending 31 July 2002. The annual payment was to be calculated as 20% of excess cash flow (as defined), subject to a maximum payment of \$90,000 annually, for the years 2002 to 2006 inclusive. A review of the financial statements provided by Griffiths Guitars International Limited indicated there were no payments due under this loan agreement for 2002 and 2003. As indicated in Note 2, during 2003-04 NIDC converted this loan to 43,269 preference shares.

4. Long-term debt

	2004	2003
	(000's)	(000's)
Non-interest bearing notes payable to the Province, no fixed terms of repayment or maturity dates	\$ 29,546	\$ 29,546

5. Distribution of earnings

Pursuant to Section 30 of the *Industrial Development Corporation Act*, the balance that the Minister of Finance considers to be available out of the net profits of NIDC is to be paid to the Province at such intervals and in a manner that the Minister may direct by notice to the Chairperson of the Board.

6. Related party transactions

NIDC is administered by employees of the Department of Finance. The costs of administration are paid directly by the Department and are not reflected in these financial statements.

7. Financial instruments

The Corporation's financial instruments recognized in the balance sheet consist of cash, accrued interest receivable, investments, which are carried at cost, loans receivable, accounts payable and accrued liabilities, and long-term debt, the carrying values of which approximate fair value due to the normal trade credit terms and conditions of these instruments.

8. Economic dependence

As a result of the Corporation's reliance on Provincial funding, the Corporation's ability to continue viable operations is dependent upon the decisions of the Province.

**NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT
CORPORATION**
NOTES TO FINANCIAL STATEMENTS
31 March 2004

9. Income taxes

NIDC is a Crown corporation of the Province and as such is not subject to Federal or Provincial income taxes.

Deloitte

Financial Statements of

NEWFOUNDLAND AND LABRADOR LIQUOR CORPORATION

March 31, 2004

Auditors' Report

To the Board of Directors of
Newfoundland and Labrador Liquor Corporation

We have audited the balance sheet of the Newfoundland and Labrador Liquor Corporation as at March 31, 2004 and the statements of earnings, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
September 22, 2004

NEWFOUNDLAND AND LABRADOR LIQUOR CORPORATION

Statement of Earnings

Year ended March 31, 2004

	<u>2004</u> \$	<u>2003</u> \$
SALES	131,106,452	118,216,852
COST OF GOODS SOLD		
Inventory, beginning of the year	24,161,050	23,296,912
Purchases	53,610,999	50,985,109
Cost of goods available for sale	77,772,049	74,282,021
Less: Inventory, end of the year	22,723,111	24,161,050
	55,048,938	50,120,971
GROSS PROFIT	76,057,514	68,095,881
COMMISSION REVENUE ON SALE OF BEER	50,343,131	46,849,362
OTHER INCOME		
Commission on licensee purchases	2,788,736	2,648,988
Interest	642,531	494,480
Miscellaneous	1,044,771	868,964
	4,476,038	4,012,432
EARNINGS FROM OPERATIONS	130,876,683	118,957,675
ADMINISTRATIVE AND OPERATING EXPENSES (Schedule 1)	30,838,792	26,686,918
NET EARNINGS	100,037,891	92,270,757

NEWFOUNDLAND AND LABRADOR LIQUOR CORPORATION
Statement of Retained Earnings
Year ended March 31, 2004

	<u>2004</u>	<u>2003</u>
	\$	\$
BALANCE, BEGINNING OF YEAR	36,683,285	37,412,528
NET EARNINGS	100,037,891	92,270,757
	136,721,176	129,683,285
PAYMENTS TO THE PROVINCE OF NEWFOUNDLAND AND LABRADOR	93,600,000	93,000,000
BALANCE, END OF YEAR	43,121,176	36,683,285

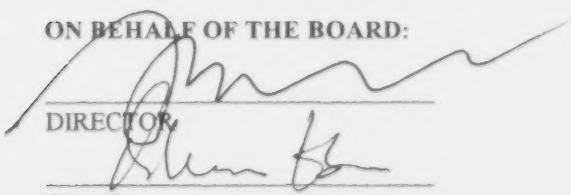
NEWFOUNDLAND AND LABRADOR LIQUOR CORPORATION

Balance Sheet

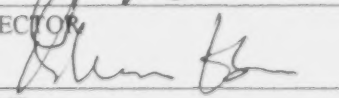
March 31, 2004

	<u>2004</u>	<u>2003</u>
	\$	\$
ASSETS		
CURRENT		
Cash	15,689,094	11,051,136
Accounts receivable	6,107,699	3,374,836
Beer commissions receivable	4,769,833	3,948,512
Inventories, at cost (Note 3)	22,723,111	24,161,050
Prepaid expenses	448,027	480,891
	49,737,764	43,016,425
CAPITAL ASSETS (Note 4)	7,580,949	8,283,500
LEASED ASSETS (Note 5)	4,941,970	4,084,679
INTANGIBLE ASSETS (Note 6)	101,805	122,004
	62,362,488	55,506,608
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	15,743,919	15,518,879
Accrued vacation pay	1,027,081	882,823
Current portion of long term debt	-	100,000
Current portion of obligation under capital lease (Note 7)	49,841	48,751
	16,820,841	16,550,453
ACCRUED SEVERANCE PAY	2,407,839	2,210,396
OBLIGATION UNDER CAPITAL LEASE (Note 7)	12,632	62,474
	19,241,312	18,823,323
EQUITY		
Retained earnings	43,121,176	36,683,285
	62,362,488	55,506,608

ON BEHALF OF THE BOARD:



DIRECTOR



CHAIR

NEWFOUNDLAND AND LABRADOR LIQUOR CORPORATION

Statement of Cash Flows

Year ended March 31, 2004

	<u>2004</u>	<u>2003</u>
	\$	\$
OPERATING ACTIVITIES		
Net earnings	100,037,891	92,270,757
Adjustments for:		
Amortization	1,983,840	1,550,941
Loss (gain) on disposal of capital assets	(16,181)	6,270
Accrual for vacation pay	144,258	217,422
Accrual for severance pay	197,443	168,212
Net change in non-cash operating working capital	(1,858,341)	1,922,639
	<u>100,488,910</u>	<u>96,136,241</u>
INVESTING ACTIVITIES		
Proceeds on disposal of capital assets	48,338	162
Purchase of capital assets	(2,150,538)	(6,258,803)
	<u>(2,102,200)</u>	<u>(6,258,641)</u>
FINANCING ACTIVITIES		
Payments to the Province of Newfoundland and Labrador	(93,600,000)	(93,000,000)
Repayment of long term debt	(100,000)	(100,000)
Repayment of obligation under capital lease	(48,752)	(35,859)
	<u>(93,748,752)</u>	<u>(93,135,859)</u>
NET (DECREASE) INCREASE IN CASH	4,637,958	(3,258,259)
CASH, BEGINNING OF YEAR	11,051,136	14,309,395
CASH, END OF YEAR	15,689,094	11,051,136

NEWFOUNDLAND AND LABRADOR LIQUOR CORPORATION

Notes to the Financial Statements

March 31, 2004

1. DESCRIPTION OF BUSINESS

The Newfoundland and Labrador Liquor Corporation (the "Corporation") is a provincial crown corporation responsible for managing the importation, sale and distribution of beverage alcohol throughout Newfoundland and Labrador.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following accounting policies:

Revenue recognition

Revenue is recognized when goods have been sold and all contractual obligations have been met and collection is reasonably assured.

Inventories

During the year, the Corporation changed its method of recording inventory from using the lower of cost and net realizable value to the weighted average cost method. No retroactive adjustment has been made to these statements as it has been determined that the impact of this change is not material.

Capital assets

Capital assets are recorded at cost. Amortization is recorded over the expected useful life of the asset on a straight line basis as follows:

Buildings	20 years
Store equipment and fixtures	5 years
Motor vehicles	3 years
Office furniture and equipment	5 years and 10 years
Plant and warehouse equipment	5 years

Leased assets

Leased assets are recorded at cost. Amortization is recorded over the terms of the leases on a straight line basis as follows:

Leasehold improvements	1 to 20 years
Leased land	30 years

Intangible assets

Intangible assets consist of a trademark which is recorded at cost and amortized on a straight line basis over a ten-year period.

NEWFOUNDLAND AND LABRADOR LIQUOR CORPORATION

Notes to the Financial Statements

March 31, 2004

2. ACCOUNTING POLICIES (Continued)

Severance pay

A liability for severance pay is recorded in the accounts for all employees who have a vested right to receive such payment. No provision for severance pay liability is made for employees who have less than nine years of continual service.

Use of estimates

The preparation of the Corporation's financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. INVENTORIES

	<u>2004</u>	<u>2003</u>
	\$	\$
Head office	10,660,874	9,899,759
Branch stores	7,910,863	6,896,501
Stock in transit	3,126,573	6,105,643
Raw materials	938,281	1,240,733
Work in progress	86,520	18,414
	<u>22,723,111</u>	<u>24,161,050</u>

4. CAPITAL ASSETS

	<u>2004</u>		<u>2003</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
	\$	\$	\$	\$
Land	1,122,840	-	1,122,840	1,128,841
Buildings	7,138,764	4,172,676	2,966,088	3,236,837
Store equipment and fixtures	2,162,624	1,275,488	887,136	1,093,094
Motor vehicles	154,626	123,614	31,012	46,793
Office furniture and equipment	4,276,051	2,179,125	2,096,926	2,239,961
Plant and warehouse equipment	3,134,785	2,657,838	476,947	537,974
	<u>17,989,690</u>	<u>10,408,741</u>	<u>7,580,949</u>	<u>8,283,500</u>

NEWFOUNDLAND AND LABRADOR LIQUOR CORPORATION

Notes to the Financial Statements

March 31, 2004

5. LEASED ASSETS

	2004		2003	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Leasehold improvements	10,372,221	5,582,641	4,789,580	3,894,449
Leased land	248,925	192,037	56,888	65,252
Leased equipment	147,084	51,582	95,502	124,978
	10,768,230	5,826,260	4,941,970	4,084,679

6. INTANGIBLE ASSETS

	2004		2003	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Trademark	202,800	100,995	101,805	122,004

7. OBLIGATION UNDER CAPITAL LEASE

	\$
IBM Canada Limited, capital equipment lease repayable in monthly instalments of \$5,226 to June 30, 2006	78,390
Less: Interest on obligation	15,917
	62,473
Less: Current portion	49,841
	12,632

NEWFOUNDLAND AND LABRADOR LIQUOR CORPORATION

Notes to the Financial Statements

March 31, 2004

8. FINANCIAL INSTRUMENTS

The Corporation's financial instruments included in current assets and current liabilities approximate fair value due to their short term to maturity. The Corporation intends to hold its long-term debt instruments to maturity and therefore does not expect any differences between carrying value and fair market value will be recorded in the accounts.

9. LEASE COMMITMENTS

The Corporation has entered into rental leases covering retail outlets. Annual lease obligations for the next five years are as follows:

	\$
2005	1,317,882
2006	1,120,730
2007	762,348
2008	584,840
2009	267,910
	4,053,710

10. RELATED PARTY TRANSACTIONS

The Corporation is leasing office and warehouse space in St. John's from the Department of Works, Services and Transportation. These leases are rent free; however, all operating and maintenance costs related to the buildings are the responsibility of the Corporation.

11. PENSIONS

The Corporation and its employees are subject to the Public Service Pensions Act effective June 26, 1973. Pension contributions deducted from employees' salaries are matched by the Corporation and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Corporation's share of pension expense for the year is \$775,133 (2003 - \$695,175).

SCHEDULE 1

NEWFOUNDLAND AND LABRADOR LIQUOR CORPORATION
Schedule of Administrative and Operating Expenses

Year ended March 31, 2004

	<u>2004</u>	<u>2003</u>
	\$	\$
Salaries and employee benefits	15,927,379	13,769,656
Agency store commission and expenses	4,118,124	3,666,972
Marketing	1,398,622	986,863
Rent	1,311,793	1,233,252
Amortization on capital assets	1,180,159	771,440
Repairs and maintenance	889,948	560,410
Interest and bank charges	722,183	607,064
Professional fees	730,502	843,909
Amortization on leased assets	693,397	667,685
Heat and light	419,945	418,123
Freight to stores	341,693	316,754
Stationery and office supplies	330,006	305,625
Miscellaneous	315,623	269,799
Cleaning	288,259	255,347
Communications	259,823	254,886
Bad debt expense	229,957	100,684
Consulting fees	221,254	51,395
Store supplies and wrapping	220,508	207,655
Travel	178,416	273,847
Staff training	154,312	363,329
Insurance	149,134	58,511
Security	143,031	115,471
Municipal taxes	136,938	124,725
Uniforms	131,807	71,658
Directors' fees and expenses	80,597	58,602
Postage	62,749	60,796
Inventory breakage and storage	57,876	109,630
Advertising	43,080	35,452
Staff recruitment	43,005	40,049
Dues and subscriptions	42,968	36,433
Motor vehicle expense	23,281	21,861
Interest on long term debt	8,604	22,765
Loss (gain) on disposal of capital assets	(16,181)	6,270
	<u>30,838,792</u>	<u>26,686,918</u>

NEWFOUNDLAND AND LABRADOR
MUNICIPAL FINANCING CORPORATION

FINANCIAL STATEMENTS

31 MARCH 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Newfoundland and Labrador Municipal Financing
Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Municipal Financing Corporation as at 31 March 2004 and the statements of revenues, expenses and deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read "John L. Noseworthy".

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
15 June 2004

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
BALANCE SHEET

31 March

	2004	2003
	(000's)	(000's)
ASSETS		
Current		
Cash and term deposits	\$ 6,829	\$ 15,761
Investment - coupons (at cost)	5,038	5,628
- earned interest receivable	4,358	5,151
Accounts receivable	10,362	10,338
Accrued interest receivable	4,276	5,234
Current portion of loans receivable (Note 2)	33,901	35,373
	64,764	77,485
Long-term investment - coupons	13,917	17,438
Long-term loans receivable (Note 2)	223,655	237,222
Deferred charges (Note 3)	939	1,117
	\$ 303,275	\$ 333,262

LIABILITIES AND DEFICIT

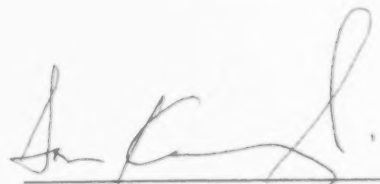
Current

Accounts payable and accrued liabilities	\$ 122	\$ 89
Accrued interest payable	6,044	7,735
Current portion of debenture debt (Note 4)	52,451	53,885
Current portion of deferred revenue (Note 5)	934	1,483
	59,551	63,192
Long-term debenture debt (Note 4)	246,736	272,112
Deferred revenue (Note 5)	845	1,679
Reserve fund (Note 6)	-	822
	307,132	337,805
Deficit	(3,857)	(4,543)
	\$ 303,275	\$ 333,262

See accompanying notes

Signed on behalf of the Board of Directors:


Chairperson


Director

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
STATEMENT OF REVENUES, EXPENSES AND DEFICIT

For the Year Ended 31 March

	2004	2003
	(000's)	(000's)
REVENUES		
Interest on loans to municipal corporations	\$ 23,119	\$ 25,444
Sinking fund income	2,304	3,105
Short-term interest	1,449	1,550
Amortization of deferred revenue:		
Prepayment penalties	1,492	2,064
	<u>28,364</u>	<u>32,163</u>
EXPENSES		
Administrative and miscellaneous	214	243
Amortization of deferred charges:		
Issue expenses on debenture debt	252	244
Premiums and discounts on debenture debt	84	96
Interest on long-term debt	<u>27,128</u>	<u>31,374</u>
	<u>27,678</u>	<u>31,957</u>
Excess of revenues over expenses	686	206
Deficit, beginning of year	(4,543)	(4,749)
Deficit, end of year	\$ (3,857)	\$ (4,543)

See accompanying notes

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
STATEMENT OF CASH FLOWS

For the Year Ended 31 March

	2004	2003
	(000's)	(000's)
Cash flows from operating activities		
Excess of revenues over expenses	\$ 686	\$ 206
Add (deduct) non-cash items:		
Sinking fund income	(2,304)	(3,105)
Amortization of issue expenses on debenture debt	252	244
Amortization of premiums and discounts on debenture debt	84	96
Amortization of prepayment penalties	(1,492)	(2,064)
Accrued interest income on coupons	(1,095)	(1,339)
	(3,869)	(5,962)
Change in non-cash working capital	(724)	8,984
	(4,593)	3,022
Cash flows from financing activities		
Proceeds from debenture issues	19,000	28,000
Retirement of debentures	(70,112)	(44,019)
Retirement of debentures held by Sinking Fund	-	(600)
Premiums and discounts on debenture debt	(22)	(47)
Issue expenses on debenture debt	(136)	(185)
Assets transferred from Sinking Fund	27,166	1,920
Cancellation of debentures held by Sinking Fund	-	600
Sinking fund payments	(560)	(560)
Prepayment penalties	109	508
Reserve fund advances received	-	12,000
Reserve fund allocations to municipal corporations	(822)	(15,654)
	(25,377)	(18,037)
Cash flows from investing activities		
Investment - coupons purchased	(810)	(3,412)
Investment - coupons redeemed	6,809	7,271
Loans to municipal corporations	(20,315)	(25,236)
Loan payments received from municipal corporations	35,354	43,299
	21,038	21,922
Increase (decrease) in cash and term deposits	(8,932)	6,907
Cash and term deposits, beginning of year	15,761	8,854
Cash and term deposits, end of year	\$ 6,829	\$ 15,761

See accompanying notes

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
NOTES TO FINANCIAL STATEMENTS

31 March 2004

Authority

Newfoundland and Labrador Municipal Financing Corporation (the Corporation) was created by the *Municipal Financing Corporation Act*. The Corporation's primary function is to provide long-term financing for the capital requirements of municipal corporations by the issuance of its securities, and relending the funds to municipal corporations. The affairs of the Corporation are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. All board members are full-time employees of the Province of Newfoundland and Labrador (the Province).

1. Significant accounting policies

These financial statements have been prepared by the Corporation in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Premiums, discounts and issue expenses on debenture debt

Premiums, discounts and issue expenses are deferred and amortized on a straight line basis over the life of the debenture issue to which they relate. In the case of the early retirement of debenture debt, a proportionate amount of the deferred balance is included with the gain or loss in the determination of net income for the period.

(b) Deferred revenue

Penalties are charged when municipal corporations prepay all or a portion of their loans with the Corporation. These penalties are deferred and amortized on a straight line basis over the average years remaining for these loans prior to payout.

2. Loans receivable

	2004	2003
	(000's)	(000's)
Loans receivable from municipal corporations	\$ 257,556	\$ 272,595
Less: current portion	(33,901)	(35,373)
Long-term portion	\$ 223,655	\$ 237,222

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
NOTES TO FINANCIAL STATEMENTS

31 March 2004

2. Loans receivable (cont.)

Loans to municipal corporations are made on the security of their debentures. Provisions exist for the recovery from the Province of any defaults by municipal corporations. Therefore, no allowance for doubtful accounts has been provided.

Principal payments receivable in each of the next five (5) years are as follows:

<u>Year</u>	<u>Amount</u> (000's)
2005	\$33,901
2006	\$32,497
2007	\$30,213
2008	\$27,371
2009	\$25,263

3. Deferred charges

	<u>2004</u> (000's)	<u>2003</u> (000's)
Issue expenses on debenture debt	\$ 662	\$ 778
Premiums and discounts on debenture debt	277	339
	<u>\$ 939</u>	<u>\$ 1,117</u>

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

4. Debenture debt

The Corporation's debenture debt is unconditionally and fully guaranteed as to principal, interest and sinking fund payments, if any, by the Province. Details of long-term debt outstanding at 31 March 2004 are as follows:

Series	Remaining Term	Interest Rate %	Sinking Fund Balance (000's)	2004 (000's)	2003 (000's)	
MFC-12	14 Mar 2005	12.250	\$ 11,669	\$ 13,000	\$ 13,000	
MFC-14			-	-	16,487	
MFC-16			-	-	9,740	
MFC-17	11 Dec 2004-06	10.250	-	4,500	6,000	(a)
MFC-19			-	-	1,666	
MFC-20			-	-	2,334	
MFC-21	1 Dec 2004-08	10.875	8,428	15,000	15,000	
MFC-22	15 Jun 2004-09	10.500	-	7,500	8,750	(b)
MFC-23	7 Dec 2004	10.375	-	2,000	3,000	(c)
MFC-24	30 May 2004-05	12.750	-	3,574	5,361	(d)
MFC-25	27 Nov 2004-05	12.250	-	3,332	4,998	(e)
MFC-26	30 May 2004-06	10.875	-	8,001	10,668	(f)
MFC-27	20 Nov 2004-06	10.250	-	4,998	6,664	(g)
MFC-28	30 Apr 2004-07	10.125-10.250	-	10,664	13,330	(h)
MFC-29	15 Dec 2004-07	9.375- 9.625	-	4,000	5,000	(i)
MFC-30	20 May 2004-08	8.875- 9.125	-	10,000	12,000	(j)
MFC-31	1 Dec 2004-08	8.125- 8.375	-	11,665	13,998	(k)
MFC-32	17 May 2004-08	9.125- 9.375	-	13,000	16,000	(l)
MFC-33		9.750	-	-	10,000	
MFC-34	2 Sep 2004-07	9.960	-	10,000	10,000	
MFC-35	15 Dec 2004	10.000	-	12,000	14,000	(m)
MFC-36	15 May 2004-10	9.250- 9.600	-	8,750	10,000	(n)
MFC-37	10 Jan 2005-11	8.000- 8.375	-	14,000	16,000	(o)
MFC-38	1 Jun 2004-13	5.625- 6.000	-	12,200	13,400	(p)
MFC-39	16 Dec 2004-13	5.625- 6.125	-	16,500	18,500	(q)
MFC-40	14 Dec 2004-14	6.450- 6.850	-	14,200	15,700	(r)
MFC-41	17 Oct 2004-10	6.150- 6.500	-	9,700	10,900	(s)
MFC-42	5 Apr 2004-11	4.950- 5.900	-	12,700	13,900	(t)
MFC-43	20 Sep 2004-16	5.000- 6.500	-	30,000	32,000	(u)
MFC-44	15 Mar 2005-17	4.250- 6.125	-	13,000	14,000	(v)
MFC-45	26 Mar 2005-13	3.750- 5.375	-	26,000	28,000	(w)
MFC-46	2 Sep 2004-12	5.200	-	10,000	-	
MFC-47	17 Mar 2005-19	2.250- 5.200	-	19,000	-	(x)
Total			<u>\$ 20,097</u>	319,284	370,396	
Less: sinking funds				<u>(20,097)</u>	<u>(44,399)</u>	(y)
Net debenture debt				299,187	325,997	
Less: current portion				<u>(52,451)</u>	<u>(53,885)</u>	
Long-term portion				<u>\$ 246,736</u>	<u>\$ 272,112</u>	

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

4. Debenture debt (cont.)

- (a) On 11 December of each year, the Corporation is to redeem \$1,500,000 in the years 2004 to 2006 inclusive.
- (b) On 15 June of each year, the Corporation is to redeem \$1,250,000 in the years 2004 to 2009 inclusive.
- (c) On 7 December 2004, the Corporation is to redeem \$2,000,000.
- (d) On 30 May of each year, the Corporation is to redeem \$1,787,000 in the years 2004 to 2005 inclusive.
- (e) On 27 November of each year, the Corporation is to redeem \$1,666,000 in the years 2004 to 2005 inclusive.
- (f) On 30 May of each year, the Corporation is to redeem \$2,667,000 in the years 2004 to 2006 inclusive.
- (g) On 20 November of each year, the Corporation is to redeem \$1,666,000 in the years 2004 to 2006 inclusive.
- (h) On 30 April of each year, the Corporation is to redeem \$2,666,000 in the years 2004 to 2007 inclusive.
- (i) On 15 December of each year, the Corporation is to redeem \$1,000,000 in the years 2004 to 2007 inclusive.
- (j) On 20 May of each year, the Corporation is to redeem \$2,000,000 in the years 2004 to 2008 inclusive.
- (k) On 1 December of each year, the Corporation is to redeem \$2,333,000 in the years 2004 to 2008 inclusive.
- (l) On 17 May of each year, the Corporation is to redeem \$3,000,000 in the year 2004, \$2,000,000 in the year 2005, \$6,000,000 in the year 2007, and \$2,000,000 in the year 2008.
- (m) On 15 December 2004, the Corporation is to redeem \$12,000,000.

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

4. Debenture debt (cont.)

- (n) On 15 May of each year, the Corporation is to redeem \$1,250,000 in the years 2004 to 2010 inclusive.
- (o) On 10 January of each year, the Corporation is to redeem \$2,000,000 in the years 2005 to 2011 inclusive.
- (p) On 1 June of each year, the Corporation is to redeem \$1,200,000 in the years 2004 to 2009 inclusive and \$1,250,000 in the years 2010 to 2013 inclusive.
- (q) On 16 December of each year, the Corporation is to redeem \$2,000,000 in the years 2004 to 2005 inclusive, \$2,500,000 in the years 2006 to 2008 inclusive and \$1,000,000 in the years 2009 to 2013 inclusive.
- (r) On 14 December of each year, the Corporation is to redeem \$1,600,000 in the year 2004, \$1,700,000 in the years 2005 to 2006 inclusive, \$1,800,000 in the year 2007, \$1,200,000 in the years 2008 to 2009 inclusive and \$1,000,000 in the years 2010 to 2014 inclusive.
- (s) On 17 October of each year, the Corporation is to redeem \$1,300,000 in the year 2004, \$1,400,000 in the years 2005 to 2007 inclusive, \$1,600,000 in the years 2008 to 2009 inclusive, and \$1,000,000 in the year 2010.
- (t) On 5 April of each year, the Corporation is to redeem \$1,300,000 in the years 2004 to 2005 inclusive, \$1,400,000 in the years 2006 to 2007 inclusive, \$1,500,000 in the year 2008, \$1,600,000 in the year 2009, \$1,700,000 in the year 2010 and \$2,500,000 in the year 2011.
- (u) On 20 September of each year, the Corporation is to redeem \$2,000,000 in the years 2004 to 2006 inclusive, \$2,800,000 in the years 2007 to 2011 inclusive and \$2,000,000 in the years 2012 to 2016 inclusive.
- (v) On 15 March of each year, the Corporation is to redeem \$1,000,000 in the years 2005 to 2017 inclusive.
- (w) On 26 March of each year, the Corporation is to redeem \$2,000,000 in the years 2005 to 2012 inclusive and \$10,000,000 in the year 2013.
- (x) On 17 March of each year, the Corporation is to redeem \$1,266,000 in the years 2005 to 2008 inclusive, \$1,276,000 in the year 2009 and \$1,266,000 in the years 2010 to 2019 inclusive.

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 31 March 2004

4. Debenture debt (cont.)

- (y) For debentures which have sinking fund requirements, the Corporation makes the required contributions to the Board of Trustees of the Newfoundland and Labrador Municipal Financing Corporation Sinking Fund. This is an unincorporated body appointed by the Lieutenant-Governor in Council. All board members are full-time employees of the Province.

Estimated sinking fund requirements and debenture maturities over the next five (5) years are as follows:

Year Ending 31 March	Sinking Fund Requirements (000's)	Debenture Maturities (000's)	Total Amount (000's)
2005	\$300	\$52,451	\$52,751
2006	\$300	\$37,651	\$37,951
2007	\$300	\$32,798	\$33,098
2008	\$300	\$43,865	\$44,165
2009	-	\$25,909	\$25,909

Debenture maturities reflect only securities maturing without sinking funds.

5. Deferred revenue

	2004 (000's)	2003 (000's)
Deferred revenue	\$ 1,779	\$ 3,162
Less: current portion	(934)	(1,483)
Long-term portion	\$ 845	\$ 1,679

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

6. Reserve fund

The Province funds a reserve fund established to mitigate arrears with respect to municipal loans. The reserve fund is allocated as the Department of Municipal and Provincial Affairs concludes negotiations with various municipal corporations with respect to restructuring debt due to the Corporation.

	2004 (000's)	2003 (000's)
Balance, beginning of year	\$ 822	\$ 4,476
Add: funds advanced to Corporation during year	-	12,000
Less: amounts allocated to municipal corporations for debt restructuring	(822)	(15,654)
Balance, end of year	\$ -	\$ 822

On 30 April 2004, the Corporation received \$9.0 million from the Province, to be allocated to the reserve fund.

7. Financial instruments

The Corporation's short-term financial instruments recognized on the balance sheet consist of cash and term deposits, short-term investments, accounts receivable, accrued interest receivable, accounts payable and accrued liabilities and accrued interest payable. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. Since provisions exist for the recovery from the Province of any defaults by municipal corporations there is no credit risk associated with the Corporation's accounts receivable.

The Corporation's long-term financial instruments recognized on the balance sheet consist of long-term investments, long-term loans receivable and long-term debenture debt. The Corporation's policy is to hold its long-term investments to maturity, therefore their reported value is current fair value to the Corporation. Since provisions exist for the recovery from the Province of any defaults by municipal corporations there is no credit risk associated with the Corporation's long-term accounts receivable and therefore, the amount presented in the balance sheet is the same as current fair value of the asset.

The majority of the Corporation's long-term debt is issued as serial debentures which are redeemed over a number of years at varying interest rates. In addition, the Corporation's long-term debenture debt is used to finance loans to the Province's various municipalities. The rates charged by the Corporation to these municipalities is calculated using the rates the Corporation is required to pay on its related debenture debt plus an additional percentage. Because provisions exist for the recovery from the Province of any defaults by municipal corporations and because the long-term debenture debt of the Corporation is specifically tied to these receivables, the long-term debenture debt as presented in the balance sheet is presented at current fair value and the Corporation is not subject to any rate risk relating to this debt.

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

8. Economic dependence

As a result of cost-sharing arrangements, the loans receivable from municipal corporations disclosed in Note 2 are serviced by both the municipal corporations and the Province. Due to the nature of these arrangements, the Province is in effect repaying a significant portion of the loans owing to the Corporation. Provisions exist for the recovery from the Province of any defaults by municipal corporations.

The Corporation's debentures are fully guaranteed by the Province as to principal, interest and sinking fund payments, if any. As at 31 March 2004, this guarantee covered net debenture debt and accrued interest totalling \$305,231,000 (2003 - \$333,732,000).

As a result, the Corporation's continued existence is dependent upon the decisions of the Province.

9. Related party transactions

The Corporation is administered by employees of the Department of Finance. The salary costs of these employees are paid by the Department of Finance, reimbursed by the Corporation, and are reflected in these financial statements.

10. Income taxes

The Corporation is a Crown corporation of the Province and as such is not subject to Provincial or Federal income taxes.

*NEWFOUNDLAND & LABRADOR
PETROLEUM PRODUCTS PRICING COMMISSION*

FINANCIAL STATEMENTS

AS AT MARCH 31, 2004

Blair J. Jewer
Chartered Accountant

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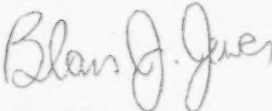
AUDITOR'S REPORT

*To The Minister
Government Services and Lands, Province of Newfoundland and Labrador*

I have audited the balance sheet of Newfoundland & Labrador Petroleum Products Pricing Commission as at March 31, 2004 and the statement of revenues, expenses and surplus for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an audit opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as, evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.


May 25, 2004

NEWFOUNDLAND & LABRADOR PETROLEUM PRODUCTS PRICING COMMISSION

BALANCE SHEET AS AT MARCH 31, 2004

	<u>2004</u>	<u>2003</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 339,211	\$ 93,208
Accounts receivable	125,355	35,449
Harmonized sales tax recoverable	8,315	15,101
	<u>472,881</u>	<u>143,758</u>
PROPERTY, PLANT AND EQUIPMENT AT COST LESS		
ACCUMULATED DEPRECIATION OF \$18,628 (2003 - \$10,605)	<u>21,926</u>	<u>29,075</u>
	<u>\$ 494,807</u>	<u>\$ 172,833</u>
LIABILITIES		
CURRENT LIABILITIES		
Deferred revenue	\$ 141,822	\$ 66,943
Accounts payable and accrued	48,193	9,373
Accrued wages	31,831	29,526
Taxes other than income	<u>7,594</u>	<u>10,076</u>
	229,440	115,918
SURPLUS		
INVESTMENT IN CAPITAL ASSETS (Note 3)	21,926	29,075
SURPLUS	<u>243,441</u>	<u>27,840</u>
	<u>\$ 494,807</u>	<u>\$ 172,833</u>

Reviewed and approved by

Thomas W. Palmer, Minister

George Faulkner, Commissioner

The accompanying notes form an integral part of this financial statement.

NEWFOUNDLAND & LABRADOR PETROLEUM PRODUCTS PRICING COMMISSION

STATEMENT OF REVENUES, EXPENSES AND SURPLUS

FOR THE YEAR ENDED MARCH 31, 2004

	<u>Budget</u>	<u>2004</u>	<u>2003</u>
REVENUES			
Assessment levy	\$ 731,939	\$ 832,379	\$ 441,401
Interest	-	2,744	1,066
	<u>731,939</u>	<u>835,123</u>	<u>442,467</u>
EXPENSES			
Salaries and benefits	321,984	333,851	274,818
Advertising	20,000	5,514	20,148
Rent	36,891	36,891	36,892
Insurance	1,000	902	902
Communications	18,900	18,795	16,981
Office expense	21,000	18,332	20,912
Membership fees and subscriptions	12,000	10,065	11,113
Equipment rental	9,843	10,099	10,099
Accounting	1,000	1,000	1,050
Legal	11,000	3,265	5,022
Consulting	25,000	16,876	38,034
Consulting - Land Transportation Study	105,000	105,000	-
Interest	1,000	543	447
Travel, accommodations and purchased services	62,000	57,515	52,033
Capital expenditure from revenue	4,000	874	6,494
Contingency	12,000	-	-
	<u>662,618</u>	<u>619,522</u>	<u>494,945</u>
EXCESS OF REVENUE OVER EXPENDITURE	<u>\$ 69,321</u>	<u>215,601</u>	<u>(52,478)</u>
SURPLUS, BEGINNING		<u>27,840</u>	<u>80,318</u>
SURPLUS, ENDING		<u>\$ 243,441</u>	<u>\$ 27,840</u>

The accompanying notes form an integral part of this financial statement.

NEWFOUNDLAND & LABRADOR PETROLEUM PRODUCTS PRICING COMMISSION

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2004

1. PURPOSE OF THE ORGANIZATION

The Commission was created by the Government of Newfoundland and Labrador to administer the "Petroleum Products Act 2001" on behalf of the Department of Government Services and Lands.

2. ACCOUNTING POLICIES

(a) The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

(b) Property, plant and equipment purchased are charged against revenue in the year acquired.

(c) Property, plant and equipment disposed of are deleted from the accounts at their original cost.

(d) Depreciation was provided on property, plant and equipment at the rate of 20% per annum using the straight line method. Depreciation is recorded as a charge against "Investment in Capital Assets".

(e) The equity of the Commission in the property, plant and equipment is represented by a credit account "Investment in Capital Assets".

(f) Revenue from government grants is recognized on a cash basis.

(g) Revenue from Assessment Levy's are recognized on accrual basis based on the legislation as prescribed in the Act and Regulations.

NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2004

	<u>2004</u>	<u>2003</u>
3. INVESTMENT IN CAPITAL ASSETS		
Balance beginning of year	\$ 29,075	\$ 33,186
Capital expenditure from revenue	874	6,494
Depreciation	(8,023)	(10,605)
Balance end of year	\$ 21,926	\$ 29,075

4. COMMITMENTS

The Commission has entered into a commitment for the lease of office space and equipment. Estimated future payments under the terms of the lease are as follows:

	<u>Office Space</u>	<u>Equipment</u>
2005	36,892	2,154
2006	36,892	-
2007	12,297	-

5. PRIOR PERIOD ADJUSTMENT

The financial statements for 2003, which are presented for comparative purposes only, have been restated to reflect a change in accounting policy. The change in accounting policy is to amortize tangible capital assets in accordance with the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants pronouncements.

The following items and amount of restatement are as follows:

	<u>Decrease</u>
Property, plant and equipment	\$ 10,605
Investment in capital assets	\$ 10,605

NEWFOUNDLAND AND LABRADOR
STUDENT INVESTMENT AND
OPPORTUNITY CORPORATION

FINANCIAL STATEMENTS

31 MARCH 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Newfoundland and Labrador Student
Investment and Opportunity Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Student Investment and Opportunity Corporation as at 31 March 2004 and the statement of revenues, expenses and surplus for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Newfoundland and Labrador Student Investment and Opportunity Corporation as at 31 March 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read 'John L. Noseworthy'.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
30 June 2004

NEWFOUNDLAND AND LABRADOR STUDENT INVESTMENT AND
OPPORTUNITY CORPORATION

BALANCE SHEET

31 March

2004

2003

ASSETS

Current

Cash	\$ 2,794,327	\$ 2,870,910
Accounts receivable	6,536	5,948
	<u>\$ 2,800,863</u>	<u>\$ 2,876,858</u>

LIABILITIES AND EQUITY

Current

Accounts payable	\$ 62,114	\$ 323,043
------------------	-----------	------------

Equity

Share capital (Note 2)	-	-
Surplus	2,738,749	2,553,815
	<u>\$ 2,800,863</u>	<u>\$ 2,876,858</u>

See accompanying notes

Signed on behalf of the Board:


Chairperson


Member

NEWFOUNDLAND AND LABRADOR STUDENT INVESTMENT AND OPPORTUNITY CORPORATION

STATEMENT OF REVENUES, EXPENSES AND SURPLUS

For the Year Ended 31 March

2004

2003

REVENUES

Grants from the Province of Newfoundland and Labrador	\$ 8,260,000	\$ 4,834,000
Investment income	78,840	94,705
	<u>8,338,840</u>	<u>4,928,705</u>

EXPENSES

Programs:

Student Works and Services Program (SWASP)		
– Paid Employment	1,662,238	1,627,250
Youth Opportunities Program	1,450,000	-
Graduate Employment Program	763,416	923,370
Student Employment Program (High School Students)	727,041	720,947
Newfoundland and Labrador Conservation Corps	500,000	500,000
Student Works and Services Program – Post Secondary	489,814	480,000
Student Works and Services Program – Community Service	484,901	359,962
Small Enterprise Co-op Placement Assistance Program	449,962	535,800
Faculty of Education Co-op Program	300,000	270,000
Tutoring/Work Experience	286,337	235,703
Grants to Youth Organizations	123,584	106,686
Memorial University of Newfoundland Public Policy Program	120,000	120,000
Small Enterprise Co-op Placement Assistance Program		
– Volunteer Initiative	120,000	82,861
Community Access Program	100,000	99,998
Above and Beyond SWASP	79,995	79,453
Year Round SWASP	74,607	45,010
Student Summer Support	74,253	69,903
Newfoundland and Labrador Youth Advisory Program	42,103	53,390
Marine Camp Program	40,000	-
Social Worker Recruitment Worker	36,534	41,508
Career Related Transitional Wage Program	29,510	40,000
Tutoring for Tuition Program	19,088	-
Rural Practice Work Experience for Medical Students Program	18,310	5,530
Administration (Note 3)	<u>162,213</u>	<u>77</u>
	<u>8,153,906</u>	<u>6,397,448</u>

Excess of revenues over expenses (expenses over revenues)	184,934	(1,468,743)
<u>Surplus, beginning of year</u>	<u>2,553,815</u>	<u>4,022,558</u>
<u>Surplus, end of year</u>	<u>\$ 2,738,749</u>	<u>\$ 2,553,815</u>

See accompanying notes
- 724 -

Office of the Auditor General

NEWFOUNDLAND AND LABRADOR STUDENT INVESTMENT AND
OPPORTUNITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004

Authority

The Newfoundland and Labrador Student Investment and Opportunity Corporation (the Corporation) was incorporated on 29 March 2001 under *The Corporations Act* of the Province of Newfoundland and Labrador. The Province holds the only issued common share. The affairs of the Corporation are managed by a board of directors (the Board) appointed under the direction of the former Minister of Youth Services and Post-Secondary Education. All of the board members are full-time employees of the Province of Newfoundland and Labrador.

The objective of the Board is to hold funds and direct expenditures for programs aimed at providing employment experience for students and to assist them in earning money towards their post-secondary education.

1. Significant accounting policies

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. The Board does not prepare a statement of cash flows since there are no investing and financing activities and the changes in cash flows are readily apparent from the other statements.

2. Share capital

Share capital consists of:

Authorized

One no par value share

Issued and Outstanding

One no par value share

Pursuant to the direction of the Lieutenant-Governor in Council, as at 31 March 2004, the former Minister of Youth Services and Post-Secondary Education held the only issued share of the Corporation on behalf of the Province. In May 2004 share ownership was transferred to the Minister of Human Resources, Labour and Employment.

3. Related party transactions

The Corporation is administered by employees of Executive Council, the Department of Education, the Department of Human Resources, Labour and Employment and the Department of Finance. Programs funded by the Corporation were primarily managed by the former Department of Youth Services and Post-Secondary Education; however, effective with the reorganization of Government Departments during February 2004, primary responsibility was transferred to the new Department of Human Resources, Labour and Employment. Costs of administration are paid directly by the departments and are reimbursed by the Corporation.

**NEWFOUNDLAND AND LABRADOR STUDENT INVESTMENT AND
OPPORTUNITY CORPORATION**
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004

4. Commitments

As at 31 March 2004, the Corporation has entered into agreements representing commitments of \$1,490,030 (31 March 2003 - \$712,023).

5. Economic dependence

As a result of its reliance on future transfers from the Province of Newfoundland and Labrador to fund its approved programs and operating costs, the Corporation's ability to continue is dependent upon the decisions of Government.

6. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

7. Financial instruments

The Corporation's financial instruments recognized in the balance sheet consist of cash, accounts receivable, and accounts payable, the carrying values of which approximate fair value due to the short-term maturity associated with these instruments.

**Newfoundland Cancer Treatment and
Research Foundation
Financial Statements
March 31, 2004**

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Board of Trustees
Newfoundland Cancer Treatment and Research Foundation

We have audited the statement of financial position of the **Newfoundland Cancer Treatment and Research Foundation** as at March 31, 2004 and the statements of operations, changes in net deficiency and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of expenditure over revenue, assets and net deficiency.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2004 and the results of its operations and its cash flows, for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
July 5, 2004

Grant Thornton LLP
Chartered Accountants

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Newfoundland Cancer Treatment and Research Foundation Statement of Operations

Year Ended March 31	2004	2003
Revenue		
Government of Newfoundland and Labrador	\$13,523,972	\$13,661,754
MCP grant	4,031,313	2,065,384
Fund development program	482,889	473,078
Investment income	212,590	112,627
Clinical trials	152,643	200,526
Third party billings	136,397	46,379
Cancer pathology network	29,968	119,436
Sundry	285,729	347,702
	<u>18,855,501</u>	<u>17,026,886</u>
Expenditure		
Advertising and public relations	32,368	37,891
Bad debts	164,042	133,545
Books and journals	22,593	21,108
Computer services	-	18,240
Drugs and medical supplies	5,214,970	4,745,436
Insurance	27,697	24,423
Interest and bank charges	107,977	160,408
Laboratory supplies and other	57,550	65,662
Bi-annual Education Symposium and conferences	76,012	106,925
Membership fees	24,444	16,562
Minor equipment and furniture purchases	28,606	54,893
Peripheral clinics	52,295	45,797
Professional services	329,600	363,456
Professional training	186,417	131,724
Rent (including equipment rental)	23,069	24,148
Repairs and maintenance	722,265	676,301
Salaries and benefits	11,251,930	8,896,728
Search for staff and moving costs	23,717	54,019
Stationery and office supplies	170,516	202,007
Supplies and other	55,640	56,135
Telephone	109,890	106,581
Travel	102,925	93,864
	<u>18,784,523</u>	<u>16,035,853</u>
Excess of revenue over expenditure before undernoted items	<u>70,978</u>	<u>991,033</u>
Depreciation	989,453	683,431
Loss on disposal of capital assets	11,757	-
Amortization of deferred capital contributions		
Government	(611,845)	(513,125)
Other	(162,707)	(70,218)
Patient support programs and research	240,236	114,511
Contributions to minor equipment/other	17,771	-
Scholarships, bursaries, and grants	41,488	31,242
Increase in severance pay accrual	85,847	99,828
(Decrease) increase in vacation accrual	(24,283)	51,964
Increase in paid leave accrual	33,364	-
Donated art work	(5,459)	-
	<u>615,622</u>	<u>397,633</u>
Excess of (expenditure over revenue) revenue over expenditure	<u>\$ (544,644)</u>	<u>\$ 593,400</u>

See accompanying notes to the financial statements.

Newfoundland Cancer Treatment and Research Foundation

Statement of Changes in Net Deficiency

Year Ended March 31, 2004

	Operating Fund	Capital Fund	Board Fund	Special Projects Fund	Total 2004	Total 2003
Balance, beginning of year	\$ (3,966,799)	\$ 1,765,060	\$ 172,461	\$ (49,962)	\$ (2,079,240)	\$(2,672,640)
Excess of (expenditure over revenue) revenue over expenditure	<u>(162,689)</u>	<u>(221,200)</u>	<u>(23,920)</u>	<u>(136,835)</u>	<u>(544,644)</u>	<u>593,400</u>
Balance, end of year	<u>\$ (4,129,488)</u>	<u>\$ 1,543,860</u>	<u>\$ 148,541</u>	<u>\$ (186,797)</u>	<u>\$ (2,623,884)</u>	<u>\$(2,079,240)</u>

Newfoundland Cancer Treatment and Research Foundation

Statement of Financial Position

March 31

2004

2003

Assets

Current

Cash and cash equivalents	\$ 387,907	\$ 928,204
Temporary investments (Note 3)	1,682,919	1,853,301
Receivables (Note 4)	911,471	1,061,813
Prepaid expenses	3,919	4,032
	<u>2,986,216</u>	<u>3,847,350</u>

Investments	155,000	128,414
Capital assets (Note 5)	<u>8,282,355</u>	<u>8,261,156</u>

\$11,423,571 \$12,236,920

Liabilities

Current

Bank indebtedness (Note 6)	\$ 862,504	\$ 523,280
Due to Health Care Corporation of St. John's	4,501,399	3,862,340
Payables and accruals	866,666	1,994,110
Deferred revenue	67,340	18,592
Accrued vacation pay	271,014	295,298
Accrued paid leave	33,364	-
Current portion of accrued severance pay	47,331	28,648
Current portion of long-term debt	<u>358,097</u>	<u>334,355</u>
	<u>7,007,715</u>	<u>7,056,623</u>

Accrued severance pay	820,178	753,015
Long-term debt (Note 7)	642,881	1,000,978
Deferred capital contributions (Note 8)	<u>5,576,681</u>	<u>5,505,544</u>
	<u>14,047,455</u>	<u>14,316,160</u>

Net Assets (deficiency)

Operating fund	(4,129,488)	(3,966,799)
Capital fund	1,543,860	1,765,060
Board fund		
Restricted	157,126	142,607
Unrestricted	(8,585)	29,854
Special Projects fund	<u>(186,797)</u>	<u>(49,962)</u>
	<u>(2,623,884)</u>	<u>(2,079,240)</u>
	<u>\$11,423,571</u>	<u>\$12,236,920</u>

Contingency (Note 10)

Commitments (Note 11)

On Behalf of the Board

Director

Director

See accompanying notes to the financial statements.

Grant Thornton

Newfoundland Cancer Treatment and Research Foundation Statement of Cash Flows

Year Ended March 31

2004

2003

Increase (decrease) in cash and cash equivalents

Operating

Excess of (expenditure over revenue) revenue over expenditure	\$ (544,644)	\$ 593,400
Add (deduct) items not requiring a cash outlay:		
Depreciation	989,453	683,431
Loss on disposal of capital assets	11,757	-
Amortization of deferred capital contributions	(774,552)	(583,343)
Investment income	88,192	-
Increase in severance pay accrual	85,847	99,828
(Decrease) increase in vacation pay accrual	(24,283)	51,964
Increase in paid leave accrual	33,364	-
Donated artwork	(5,459)	-
	(140,325)	845,280
Change in non-cash operating working capital (Note 9)	(289,183)	3,883,714
	(429,508)	4,728,994

Financing

Increase (decrease) in bank borrowings	339,224	(1,990,850)
Repayment of long-term debt	(334,354)	(1,176,880)
	4,870	(3,167,730)

Investing

Decrease (increase) in temporary investments	55,604	(123,838)
Purchase of capital assets	(1,016,952)	(1,445,347)
Capital asset contributions	1,235,689	751,553
Advances to Central West Health Corporation	(390,000)	-
	(115,659)	(817,632)

Net (decrease) increase in cash and cash equivalents (540,297) 743,632

Cash and cash equivalents

Beginning of year	928,204	184,572
End of year	\$ 387,907	\$ 928,204

See accompanying notes to the financial statements.

Newfoundland Cancer Treatment and Research Foundation

Notes to the Financial Statements

March 31, 2004

1. Nature of operations

The Newfoundland Cancer Treatment and Research Foundation (the Foundation) was established in 1971 by an Act of the Provincial House of Assembly with a mandate to establish and co-ordinate a cancer control program in Newfoundland and Labrador. Through judicious employment of its resources and collaboration with institutions and community resources, the mission of the Foundation is to serve people of the province by providing excellent and comprehensive cancer treatment; prevention, screening and supportive programs; actively participating in the education of health care professionals and providers; continuing and fostering research of high quality; and, operating effective cancer registries.

The Foundation is a public organization and is exempt from income tax and may issue tax-deductible receipts to donors.

2. Summary of significant accounting policies

The accounting policies of the Foundation are in accordance with accounting principles generally accepted in Canada.

Outlined below are those policies considered particularly significant to the Foundation.

Basis of presentation

These financial statements include the accounts of the Operating, Capital, Board and Special Projects Funds of the Foundation.

Use of estimates

In preparing the Foundation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, and balances with banks, net of any overdrafts. Bank borrowings are considered to be financing activities.

Temporary investments

Temporary investments are recorded at cost unless there is a loss in value other than a temporary decline.

Newfoundland Cancer Treatment and Research Foundation

Notes to the Financial Statements

March 31, 2004

2. Summary of significant accounting policies (cont'd.)

Capital assets

Capital assets purchased by the Foundation are recorded at cost and those donated to the Foundation are recorded at their estimated fair market value at the date of acquisition. Capital assets are amortized on a straight-line basis as follows:

Building	30 years
Biomedical and other equipment	15 years
Computer equipment	5 years
Office furniture and fixtures	10 years

Donated artwork is recorded at estimated fair market value and is not amortized.

Funds

Funds are classified as follows:

Operating fund - funds available for general purposes from the Government of Newfoundland and Labrador.

Capital fund - fund representing balance of net capital assets held by the Foundation and deferred capital contributions.

Board fund - fund is to be used for the purchase of capital assets, provision of patient support, education, and research programs, and expenditures not funded by government.

Special projects fund - fund is exclusive of board and operating funds and is managed by the Foundation for interested parties.

Severance pay

Severance pay is accounted for on the accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Foundation.

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on straight-line basis using the same rates as depreciation related to the capital assets purchased. Capital contributions for non-depreciable capital assets are recorded as direct increases in net assets.

Newfoundland Cancer Treatment and Research Foundation

Notes to the Financial Statements

March 31, 2004

2. Summary of significant accounting policies (cont'd.)

Revenue recognition

Provincial plan revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred revenue.

Unrestricted cash donations are recognized as revenue when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Clinical trials revenue is recognized in the period in which it is earned based on the terms of the individual contracts.

Budget funding

The Foundation is reimbursed by the Department of Health and Community Services for the total of its operating costs, after deduction of specified revenue and expenditure, to the extent of the approved budget.

Pension costs

Employees of the Foundation are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Foundation. The annual contributions for pensions are recognized in the accounts on a current basis.

3. Temporary investments	<u>2004</u>	<u>2003</u>
Corporate bonds	\$ 641,799	\$ 594,562
Certificates of deposit	483,146	476,100
Government of Canada bonds	348,580	94,144
Guaranteed investment certificates	210,013	205,643
Provincial bonds	154,381	436,831
Marketable securities	-	174,435
	<u>\$ 1,837,919</u>	<u>\$ 1,981,715</u>
Less: Long-term restricted investments- Dr. Kim Hong Endowment Fund	<u>(155,000)</u>	<u>(128,414)</u>
	<u>\$ 1,682,919</u>	<u>\$ 1,853,301</u>

Market yields on the corporate bonds range from 5.15% to 6.30%; maturity dates range from September 26, 2005 to October 16, 2015.

Market yields on certificates of deposit range from 5.25% to 6.55%; maturity dates range from June 2, 2005 to August 24, 2006.

Newfoundland Cancer Treatment and Research Foundation

Notes to the Financial Statements

March 31, 2004

3. Temporary investments (cont'd)

Market yields on Government of Canada bonds range from 3.00% to 5.00%, maturity dates range from June 1, 2004 to October 27, 2004.

The guaranteed investment certificates are held with Canadian Imperial Bank of Commerce and yield interest at 2.40%, and mature on May 28, 2004.

Market yields on provincial bonds range from 5.00% to 5.34%, maturity dates range from February 1, 2006 to September 15, 2016.

4. Receivables	2004	2003
Due from Government of Newfoundland and Labrador		
Operating	\$ 5,335	
Capital	-	\$ 195,000
Newfoundland Medical Commission (MCP)	773,146	695,712
Canadian Institutes of Health Research	155,279	125,311
Clinical trials	57,332	19,345
Other	236,304	178,329
	1,227,396	1,213,697
Less: allowance for doubtful accounts	315,925	151,884
	<u>\$ 911,471</u>	<u>\$ 1,061,813</u>

Receivables include \$2,014 (2003 : \$14,193) of accrued interest on investments restricted under the Dr. Kim Hong endowment fund.

5.	Capital assets		2004	2003
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Building	\$ 3,396,784	\$ 942,995	\$ 2,453,789	\$ 2,469,296
Biomedical and other equipment	9,194,651	3,796,097	5,398,554	5,174,928
Computer equipment	1,530,951	1,213,710	317,241	478,515
Office furniture and fixtures	550,439	478,690	71,749	102,854
Donated artwork	41,022	-	41,022	35,563
	<u>\$14,713,847</u>	<u>\$ 6,431,492</u>	<u>\$ 8,282,355</u>	<u>\$ 8,261,156</u>

Newfoundland Cancer Treatment and Research Foundation

Notes to the Financial Statements

March 31, 2004

6. Bank indebtedness

The Foundation has an unsecured line of credit of \$1,000,000 (2003 - \$1,000,000) of which \$862,504 (2003 - \$523,280) had been used as at March 31, 2004. The line of credit bears interest at the prime lending rate.

7. Long-term debt	2004	2003
Demand promissory note, bearing interest at prime plus 2.88% per annum, repayable in 120 equal blended instalments of \$34,651, maturing November 2006.	\$ 1,000,978	\$ 1,335,333
Less: current portion	358,097	334,355
	<u>\$ 642,881</u>	<u>\$ 1,000,978</u>

Principal repayments on long-term debt in each of the next three years are as follows:
2005 - \$358,097; 2006 - \$383,527; and 2007 - \$259,354.

8. Deferred capital contributions	2004	2003
Balance, beginning of year	\$ 5,505,544	\$ 5,337,334
Add (Deduct):		
Funds allocated to Central West Health Corporation	(390,000)	-
Give to Feel Good Campaign	400,000	500,000
Provincial grant	724,500	195,000
Fund development program	22,927	33,857
Memorial University of Newfoundland	86,262	18,500
Information management fund	-	4,195
Seamless Care Program	2,000	-
Amounts amortized to revenue	<u>(774,552)</u>	<u>(583,342)</u>
Balance, end of year	<u>\$ 5,576,681</u>	<u>\$ 5,505,544</u>

Deferred capital contributions include the unamortized portions of contributed capital assets and restricted contributions.

9. Supplemental cash flow information	2004	2003
Change in non-cash operating working capital		
Receivables	\$ 150,342	\$ 2,606,623
Prepaid expenses	112	(4,031)
Due to Health Care Corporation of St. John's	639,059	332,633
Payables and accruals	(1,127,444)	1,012,849
Deferred revenue	<u>48,748</u>	<u>(64,360)</u>
	<u>\$ (289,183)</u>	<u>\$ 3,883,714</u>

Newfoundland Cancer Treatment and Research Foundation

Notes to the Financial Statements

March 31, 2004

10. Contingency

A claim has been filed against the Foundation by a former employee. No provision has been recorded in the accounts for this claim, as an estimate of loss, if any, is not determinable at this time.

11. Commitments

The Foundation is committed under long-term operating leases for computer and other equipment to make annual lease payments as follows:

2005	\$ 21,500
2006	21,500
2007	10,720
2008	<u>5,360</u>
	<u>\$ 59,080</u>

12. Financial instruments

The Foundation's primary financial instruments recognized in the balance sheet consist of temporary investments, accounts receivable, current liabilities, accrued severance pay, and long-term debt. The carrying value of the primary financial instruments of the Foundation approximate fair value due to the normal trade credit terms and conditions of those instruments.

13. Comparative figures

Certain of the 2003 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

NEWFOUNDLAND GOVERNMENT FUND LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2003



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Directors
Newfoundland Government Fund Limited
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland Government Fund Limited as at 31 December 2003 and the statement of revenue, expenditure and surplus for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2003 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read 'John L. Noseworthy'.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
3 March 2004

NEWFOUNDLAND GOVERNMENT FUND LIMITED

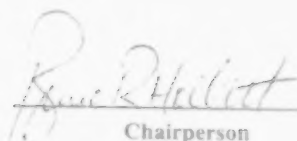
BALANCE SHEET

31 DECEMBER 2003

	<u>2003</u>	<u>2002</u>
ASSETS		
Current		
Cash (Note 2)	\$ 6,027,724	\$ 5,588,863
Accounts receivable	129,877	104,047
Sales tax receivable	4,270	4,987
Current portion - investment in eligible businesses (Note 4)	<u>5,512,000</u>	<u>-</u>
	11,673,871	5,697,897
Deferred financing costs (Note 3)	793,150	1,114,288
Investment in eligible businesses (Note 4)	<u>8,618,000</u>	<u>14,025,000</u>
	<u>\$21,085,021</u>	<u>\$20,837,185</u>
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 17,040	\$ 20,905
Current portion - obligations to investors (Note 5)	<u>7,250,000</u>	<u>-</u>
	7,267,040	20,905
Obligations to investors (Note 5)	<u>13,000,000</u>	<u>20,000,000</u>
	<u>20,267,040</u>	<u>20,020,905</u>
Shareholders' equity		
Share capital (Note 6)		
Authorized		
Unlimited common shares of no par value		
Issued		
2 shares	200	200
Surplus	<u>817,781</u>	<u>816,080</u>
	<u>817,981</u>	<u>816,280</u>
	<u>\$21,085,021</u>	<u>\$20,837,185</u>

See accompanying notes

Signed on behalf of the Board:


Chairperson

Director

NEWFOUNDLAND GOVERNMENT FUND LIMITED
STATEMENT OF REVENUE, EXPENDITURE AND SURPLUS
FOR THE YEAR ENDED 31 DECEMBER 2003

	<u>2003</u>	<u>2002</u>
REVENUE		
Interest	\$ 870,009	\$ 708,947
Forfeited investor deposits	<u>135,000</u>	<u>-</u>
	<u>1,005,009</u>	<u>708,947</u>
EXPENDITURE		
Accounting and auditing fees	7,100	5,165
Amortization of deferred financing costs	338,638	261,767
Bank charges	910	900
Interest paid to investors	535,801	383,232
Miscellaneous	453	240
Reporting and liaison fees	<u>120,406</u>	<u>114,953</u>
	<u>1,003,308</u>	<u>766,257</u>
Excess of revenue over expenditure (expenditure over revenue)	1,701	(57,310)
Surplus, beginning of year	<u>816,080</u>	<u>873,390</u>
Surplus, end of year	<u>\$ 817,781</u>	<u>\$ 816,080</u>

See accompanying notes

NEWFOUNDLAND GOVERNMENT FUND LIMITED

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2003

Authority

Newfoundland Government Fund Limited (the Corporation), formerly known as Newfoundland Government Venture Fund Ltd., was incorporated on 10 November 1995 under the *Corporations Act* of the Province of Newfoundland and Labrador (the Province). All shares of the Corporation are held by Ministers of the Crown on behalf of the Province. Its affairs are governed by a Board of Directors which is elected by the shareholders of the Corporation.

The Corporation is a government-administered venture capital fund under the *Immigration Act* (Canada) and Regulations. The purpose of the Corporation is to raise funds from immigrant investors in order to provide loan and equity capital to establish, expand, purchase, maintain or revitalize businesses or commercial ventures in the Province which are consistent with the Immigration Regulations. Investment will be directed to the privatization of public services which may include infrastructure projects with a privatization component which will result in economic benefit to the Province.

The Corporation has issued an Offering Memorandum under the Canadian Immigrant Investor Program. The offering is comprised of units each of which represents a \$250,000 promissory note. The minimum and maximum amounts of the offering are \$3,500,000 (14 units) and \$35,000,000 (140 units) respectively. The offering expired on 30 June 1998.

Under the terms of an escrow agreement, subscription funds received from investors are held in trust by the escrow agent until transferred to the Corporation's bank account or until the funds are returned to the investor in the event that the investor's subscription has not been accepted. Interest earned on amounts in escrow is payable to investors who have fully paid the subscription price. As at 31 December 2003, 81 units were issued and outstanding. In addition, deposits totalling \$1,100,727 for 13 additional units were held by HSBC Capital Canada Inc. as escrow agent.

1. Significant accounting policies

These financial statements have been prepared by the Corporation in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Deferred financing costs

The costs relating to the issuance of the Offering Memorandum are deferred until the completion of the offering. These charges are amortized on a pro rata basis, upon funds being disbursed in eligible businesses, over five years which is the minimum holding period of the investment units. (See Note 3)

(b) Investment in eligible businesses

Investment in eligible businesses is recorded at cost. (See Note 4)

NEWFOUNDLAND GOVERNMENT FUND LIMITED

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2003

1. Significant accounting policies (cont.)

(c) Obligations to investors

An obligation to an investor is recognized upon acceptance of a subscription by the Corporation.
(See Note 5)

2. Restrictions on the use of investor proceeds

Under the terms of the Offering Memorandum, there are certain restrictions on the use of the offering proceeds as follows:

At least 70% of the proceeds of the offering must be invested in the active business operations of eligible businesses within nine months after the day on which the proceeds are released from escrow to the Corporation and should be maintained in the active business operations of eligible businesses for a period of five years. At 31 December 2003, \$9,400,000 has been invested in a project involving the construction of a health care facility located at Bonne Bay and \$4,730,000 has been invested in a project involving the construction of a school located at Lawn.

Twenty percent of the proceeds must be deposited by the Corporation in a separate repayment account and must be invested in high grade liquid Canadian securities that are readily convertible into cash, as a contingency for the reimbursement of those investors who are refused a Canadian visa. Once all investors have received their Canadian visas or have been reimbursed, the Corporation will maintain the 20% invested in Canadian liquid securities. At 31 December 2003, the Corporation was required to hold \$4,050,000 (2002 - \$4,000,000) in a repayment account which represents 20% of the proceeds of the 81 closed units.

The remaining 10% of the proceeds is being used to pay all distribution fees, legal, accounting and other fees and expenses of the Corporation.

3. Deferred financing costs

The nature and extent of the costs incurred to date are as follows:

	<u>2003</u>	<u>2002</u>
Accounting and auditing fees	\$ 59,066	\$ 59,066
Consulting fees	38,085	38,085
Distribution and marketing fees	1,417,500	1,400,000
Escrow application fee	7,500	7,500
Legal fees	169,689	169,689
Other	46,628	46,628
	<u>1,738,468</u>	<u>1,720,968</u>
Less: amortization	(945,318)	(606,680)
Total	<u>\$ 793,150</u>	<u>\$1,114,288</u>

NEWFOUNDLAND GOVERNMENT FUND LIMITED

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2003

3. Deferred financing costs (cont.)

Deferred financing costs are amortized on a pro rata basis, upon funds being disbursed in eligible businesses, over five years which is the minimum holding period of the investment units.

4. Investment in eligible businesses

The investment in eligible businesses consists of loans to private developers for construction of the following:

	<u>2003</u>	<u>2002</u>
Health Care Facility - Bonne Bay		
Investment on 29 November 1999, maturing 29 November 2004, representing 70% of the proceeds of the Offering Memorandum for 29 investors.	\$ 5,000,000	\$ 5,000,000
Investment on 19 December 2000, maturing 19 December 2005, representing 70% of the proceeds of the Offering Memorandum for 22 investors.	3,888,000	3,888,000
Investment on 11 February 2002, maturing 29 November 2004, representing 70% of the proceeds of the Offering Memorandum for 3 investors.	<u>512,000</u>	<u>512,000</u>
	<u>9,400,000</u>	<u>9,400,000</u>
School - Lawn		
Investment on 6 September 2002, maturing 6 September 2007, representing 70% of the proceeds of the Offering Memorandum for 26 investors.	4,625,000	4,625,000
Investment on 15 December 2003, maturing 6 September 2007, representing 70% of the proceeds of the Offering Memorandum for 1 investor.	<u>105,000</u>	<u>-</u>
	<u>4,730,000</u>	<u>4,625,000</u>
Total investment in eligible businesses	14,130,000	14,025,000
Less: Current portion - Health Care Facility, Bonne Bay	<u>5,512,000</u>	<u>-</u>
	<u>\$ 8,618,000</u>	<u>\$14,025,000</u>

NEWFOUNDLAND GOVERNMENT FUND LIMITED

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2003

4. Investment in eligible businesses (cont.)

The five year holding period for investors commenced on the date of investment in these projects. The investment must be repaid by the private developers to the Corporation five years after the investment date, with the exception of the \$512,000 invested in the Bonne Bay project on 11 February 2002 and the \$105,000 invested in the Lawn project on 15 December 2003. The \$512,000 investment in the Bonne Bay project is required to be repaid to the Corporation on 29 November 2004 and, as a result, will not be invested for a period of time sufficient to meet the five year holding period as required by the *Immigration Act* (Canada) and Regulations. The \$105,000 investment in the Lawn project is required to be repaid to the Corporation on 6 September 2007 and, as a result, will not be invested for a period of time sufficient to meet the five year holding period as required by the *Immigration Act* (Canada) and Regulations. The Corporation's investments will earn interest at a rate of 5% per annum.

5. Obligations to investors

Obligations to investors of \$20,250,000 (2002 - \$20,000,000) represent the capital invested by immigrant investors in the Corporation. In addition to earning a return on their capital, their investment in the Corporation helps satisfy a portion of their visa requirements under the Canadian Immigrant Investor Program. Each investment unit represents a \$250,000 promissory note, bearing interest at 2% payable annually. Although the promissory note is repayable in full, five years from the date on which 70% of the investor proceeds are invested or upon refusal of an investor's Canadian visa application, neither the Government of Canada nor the Government of Newfoundland and Labrador offers any guarantees or assurances of a return on an investor's original investment and neither government is liable for any loss or damages that may be suffered by an investor as a result of the investment in the securities.

The Corporation is required to complete investments within nine months from the investors' closing dates and promissory notes are repayable five years from investment dates. The *Immigration Act* (Canada) and Regulations contain provisions which require that the five year term to maturity of a unit be extended if and for so long as a minimum of 70% of the proceeds of the Offering ceases to be invested in the active business operations of eligible businesses. Due to delays in the Corporation's investment in eligible businesses, certain promissory notes will be repaid at later dates. As a result, the Corporation has agreed to pay interest at a rate of 5% for any period these promissory notes are outstanding beyond the five years and nine months from the investors' closing dates.

NEWFOUNDLAND GOVERNMENT FUND LIMITED

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2003

5. Obligations to investors (cont.)

The obligations to investors consist of the following:

	<u>2003</u>	<u>2002</u>
Health Care Facility - Bonne Bay		
Five year holding period commenced 29 November 1999 (29 units)	\$ 7,250,000	\$ 7,250,000
Five year holding period commenced 19 December 2000 (22 units)	5,500,000	5,500,000
Five year holding period commenced 11 February 2002 (3 units)	<u>750,000</u>	<u>750,000</u>
	<u>13,500,000</u>	<u>13,500,000</u>
School - Lawn		
Five year holding period commenced 6 September 2002 (26 units)	6,500,000	6,500,000
Five year holding period commenced 15 December 2003 (1 unit)	<u>250,000</u>	<u>-</u>
	<u>6,750,000</u>	<u>6,500,000</u>
Total obligations to investors	20,250,000	20,000,000
Less: Current portion - Health Care Facility, Bonne Bay	<u>7,250,000</u>	<u>-</u>
	<u>\$13,000,000</u>	<u>\$20,000,000</u>

Principal repayments in each of the following five years are as follows:

2004 - \$7,250,000
 2005 - \$5,500,000
 2006 - \$ -
 2007 - \$7,250,000
 2008 - \$ 250,000

NEWFOUNDLAND GOVERNMENT FUND LIMITED

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2003

6. Share capital

The shareholders of the Corporation are not entitled to a declaration or distribution of dividends until the expiry of 180 days from the maturity date of the investment units.

7. Related party transactions

For administrative purposes the Corporation is operated by the Department of Finance. Expenses related to salaries, accommodations and administration are incurred directly by the Department and no provision is made in these financial statements for those expenditures.

8. Financial instruments

The purpose of the Corporation is to raise capital from immigrant investors and invest in eligible business projects in the Province. At 31 December 2003, the Corporation has invested \$14,130,000 of the proceeds of the Offering Memorandum. The Corporation will earn 5% per annum on this investment.

Fair value

The carrying values of accounts receivable, sales tax receivable, and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments. Due to the unique features associated with the obligations to the investors, fair value of these financial liabilities cannot be reliably determined. Prior to the completion of the Offering Memorandum, the face value of the units being offered provides the best estimate of the fair value. However, once the units have been issued, restrictions exist to prevent the transfer of ownership and, therefore, no secondary market exists for issued units.

Interest rate risk

Interest rate risk reflects the risk that the Corporation's earnings will decline due to fluctuations in interest rates. The Corporation's cash is held in bank accounts bearing an interest rate based on prime. The investment in eligible businesses bears an interest rate of 5% per annum. The interest rate on the obligation to investors is fixed at 2% annually, although certain investors will earn 5% per annum for any period their promissory notes remain outstanding beyond the five years and nine months from the investors' closing dates.

Credit risk

Credit risk reflects the risk that parties owing monies to the Corporation will fail to discharge their obligations.

NEWFOUNDLAND GOVERNMENT FUND LIMITED

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2003

9. Economic dependence

As a result of its reliance on actions by Citizenship and Immigration Canada and investment decisions by the Government of Newfoundland and Labrador, the Corporation's ability to continue viable operations is dependent on such actions.

10. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

NEWFOUNDLAND HARDWOODS LIMITED

Auditor's Report

Financial Statements

Year ended March 31, 2004

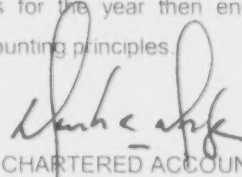
AUDITOR'S REPORT

To the Shareholders of Newfoundland Hardwoods Limited

I have audited the balance sheet of Newfoundland Hardwoods Limited as at March 31, 2004 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2004 and the results of its operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



CHARTERED ACCOUNTANT

Clareville, Newfoundland
June 01, 2004

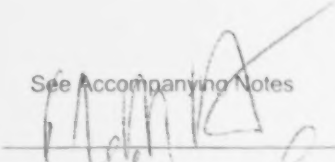
NEWFOUNDLAND HARDWOODS LIMITED

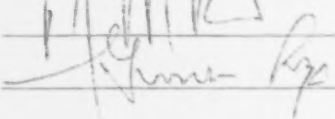
Balance Sheet

March 31, 2004

	<u>2004</u>	<u>2003</u>
<u>Assets</u>		
Current assets:		
Cash and term deposits	<u>\$ 131,087</u>	<u>132,862</u>
<u>Liabilities and Shareholders' Equity</u>		
Current liabilities:		
Payables and accruals	<u>\$ 1,500</u>	<u>1,500</u>
Total current liabilities	<u>1,500</u>	<u>1,500</u>
Contingent losses (Note 2)	--	--
Commitments (Note 3)	--	--
Shareholders' equity:		
Common shares of no par value:		
Authorized an unlimited number; issued and fully paid at stated value, 253 shares	<u>25,300</u>	<u>25,300</u>
Retained earnings, per accompanying statement	<u>104,287</u>	<u>106,062</u>
Total shareholders' equity	<u>129,587</u>	<u>131,362</u>
	<u>\$ 131,087</u>	<u>132,862</u>

See Accompanying Notes

Approved:  Director

 Director

NEWFOUNDLAND HARDWOODS LIMITED

Statement of Income and Retained Earnings

Year ended March 31, 2004

	<u>2004</u>	<u>2003</u>
Revenue - interest	\$ --	519
Administrative expenses:		
Interest and bank charges	--	7
Professional and consulting fees	<u>1,775</u>	<u>1,850</u>
	<u>1,775</u>	<u>1,857</u>
Net loss	(1,775)	(1,338)
Retained earnings, beginning of year	<u>106,062</u>	<u>107,400</u>
Retained earnings, end of year	<u>\$ 104,287</u>	<u>106,062</u>

See Accompanying Notes

NEWFOUNDLAND HARDWOODS LIMITED

Statement of Cash Flows
Year ended March 31, 2004

	<u>2004</u>	<u>2003</u>
Cash provided by operating activities:		
Net loss	\$ (1,775)	(1,338)
Changes in non-cash working capital balances:		
Receivables	<u>--</u>	<u>240</u>
	<u>(1,775)</u>	<u>(1,098)</u>
Decrease in cash	(1,775)	(1,098)
Cash, beginning of year	<u>132,862</u>	<u>133,960</u>
Cash, end of year	<u>\$ 131,087</u>	<u>132,862</u>

See Accompanying Notes

NEWFOUNDLAND HARDWOODS LIMITED

Notes to the Financial Statements

March 31, 2004

1. Divestiture:

During the 1996 fiscal year the company sold the property and equipment and inventory relating to its wood preservation and asphalt manufacturing operations. The Company has consequently ceased commercial operations.

2. Contingent losses:

Environmental concerns:

The Government of Newfoundland and Labrador, through an environmental indemnity, has released the current owner of any and all present and future liabilities which may result from the presence, release, loss, discharge, leakage or spillage of hazardous material on, at or from the properties formerly owned and operated by Newfoundland Hardwoods Limited up to the date of the said agreements.

3. Commitments:

The company had committed to the dismantling and removal of five surplus storage tanks from the present location. As of the balance sheet date, four of these tanks have been removed and the costs of such have been reflected in these financial statements.

Newfoundland Ocean Enterprises Limited
Consolidated Financial Statements
March 31, 2004

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Shareholders of Newfoundland Ocean Enterprises Limited

We have audited the consolidated balance sheet of **Newfoundland Ocean Enterprises Limited** at March 31, 2004 and the consolidated statements of loss and deficit and cash flows for the year then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
May 31, 2004

Grant Thornton LLP
Chartered Accountants

187 Kenmount Road
St. John's
Newfoundland and Labrador
A1B 3P9
T (709) 722-5960
F (709) 722-7892
E StJohns@GrantThornton.ca
W www.GrantThornton.ca

Newfoundland Ocean Enterprises Limited **Consolidated Statements of Loss and Deficit**

Year Ended March 31	2004	2003
Revenue	\$ 29,075	\$ 28,775
Expenses		
Interest	254,555	226,070
Other costs	<u>13,885</u>	<u>150,960</u>
	<u>268,440</u>	<u>377,030</u>
Net loss	\$ <u>(239,365)</u>	\$ <u>(348,255)</u>
Deficit, beginning of year	\$ (90,799,745)	\$ (90,451,490)
Net loss	<u>(239,365)</u>	<u>(348,255)</u>
Deficit, end of year	\$ <u>(91,039,110)</u>	\$ <u>(90,799,745)</u>

See accompanying notes to the consolidated financial statements.

Newfoundland Ocean Enterprises Limited

Consolidated Balance Sheet

March 31 2004 2003

Assets

Current		
Cash	\$ 154,695	\$ 177,480
Receivables	<u>65</u>	<u>16,645</u>
	<u>\$ 154,760</u>	<u>\$ 194,125</u>

Liabilities

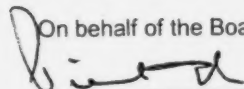
Current		
Bank indebtedness (Note 3)	\$ 5,450,000	\$ 5,250,000
Payables and accruals	<u>340,870</u>	<u>340,870</u>
	<u>5,790,870</u>	<u>5,590,870</u>

Shareholders' Deficiency

Capital stock (Note 4)	3,000	3,000
Contributed surplus (Note 5)	85,400,000	85,400,000
Deficit	<u>(91,039,110)</u>	<u>(90,799,745)</u>
	<u>(5,636,110)</u>	<u>(5,396,745)</u>
	<u>\$ 154,760</u>	<u>\$ 194,125</u>

Contingent liabilities (Note 6)

On behalf of the Board



Director



Director

See accompanying notes to the consolidated financial statements.

Newfoundland Ocean Enterprises Limited

Consolidated Statement of Cash Flows

Year Ended March 31

2004

2003

Increase (decrease) in cash and cash equivalents

Operating activities

Net loss \$ (239,365) \$ (348,255)

Change in non-cash operating
working capital

16,580 (11,880)

(222,785) (360,135)

Financing activities

Proceeds from bank borrowings 200,000 400,000

Net (decrease) increase in cash and cash equivalents (22,785) 39,865

Cash and cash equivalents

Beginning of year 177,480 137,615

End of year \$ 154,695 \$ 177,480

See accompanying notes to the consolidated financial statements.

Newfoundland Ocean Enterprises Limited

Notes to the Consolidated Financial Statements

March 31, 2004

1. Operations

The Company ceased active operations on January 1, 1998.

2. Summary of significant accounting policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies are set out below.

Principles of consolidation

The consolidated financial statements include the accounts of Newfoundland Ocean Enterprises Limited, its wholly owned subsidiaries Marystown Shipyard Limited and Vinland Industries Limited, and Vinland Industries, a Limited Partnership.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of any overdrafts. Bank borrowings are considered to be financing activities.

3. Bank indebtedness

The Company has an operating line of credit with its bank, guaranteed by the Government of Newfoundland and Labrador.

4. Capital stock	2004	2003
Authorized		
An unlimited number of common shares of no par value		
Issued		
3 shares	\$ 3,000	\$ 3,000

5. Contributed surplus

During prior years, the Government of Newfoundland and Labrador advanced the Company funds, in the amount of \$85,400,000, to retire the bankers' acceptances and certain other debt.

Newfoundland Ocean Enterprises Limited

Notes to the Consolidated Financial Statements

March 31, 2004

6. Contingent liabilities

At the balance sheet date, there were a number of claims against the Company in varying amounts for which no provision has been made. It is not possible to determine the amounts that may ultimately be assessed against the Company with respect to these claims, however management believes that any such amounts would not have a material impact on the financial position of the Company.

7. Financial instruments

Fair values of financial instruments are disclosed in the notes to the financial statements when they differ from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their fair values.

b

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
FINANCIAL STATEMENTS/AUDITOR'S REPORT
June 30, 2003



DAVID G. PURCHASE
CHARTERED ACCOUNTANT

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Suite 325
Millbrook Mall
Corner Brook, Newfoundland
A2H 6J2
Phone (709) 634-6790
Fax (709) 634-6797

AUDITOR'S REPORT

To the Members of
School District #2,
Northern Peninsula/Labrador South

I have audited the balance sheet of the current and capital funds of School District #2, Northern Peninsula/Labrador South, as at June 30, 2003, and the statements of current revenue, expenditure and board equity, and changes in capital fund position for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2003, and the results of its operations and the changes in its capital financial position for the year then ended in accordance with generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

CORNER BROOK, NEWFOUNDLAND
23 September 2003

David G. Purchase
CHARTERED ACCOUNTANT



DAVID G. PURCHASE
CHARTERED ACCOUNTANT

P.O. Box 902
Suite 325
Millbrook Mall
Corner Brook, Newfoundland
A2H 6J2
Phone (709) 634-6790
Fax (709) 634-6797

AUDITOR'S REPORT

To the Members of
School District #2
Northern Peninsula/Labrador South

In compliance with the requirements of Section 17 of the Schools Act,
I report as follows on my examination of the accounts of School District
#2, Northern Peninsula/Labrador South, for the year ended June 30, 2003.

SUFFICIENCY OF BONDS

Bond coverage of \$50,000 is carried on the Business Manager and
others in the Board office responsible for the collection, receipt and
depositing of Board funds. In addition, bond coverage of \$20,000 is
carried covering School Board Principals, Vice Principals and Secretaries.

In my opinion, the bond coverage carried is sufficient.

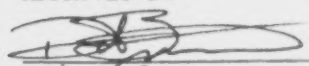
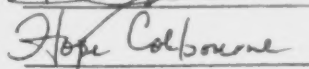
CORNER BROOK, NEWFOUNDLAND
23 September 2003

David G. Purchase
CHARTERED ACCOUNTANT

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Balance Sheet
June 30, 2003

	<u>2003</u>	<u>2002</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash (Supp. Info. 1)	\$ 20,818	14,351
Short-Term Investments (Supp. Info. 2)	5,173	5,173
Accounts Receivable (Note 2)	431,955	234,335
Prepaid Expenses (Supp. Info. 3)	<u>85,905</u>	<u>63,604</u>
<u>Total Current Assets</u>	<u>543,851</u>	<u>317,463</u>
<u>Property and Equipment (Sch. 8)</u>	<u>37,961,998</u>	<u>37,745,664</u>
	<u>\$38,505,849</u>	<u>38,063,127</u>
<u>LIABILITIES AND BOARD EQUITY</u>		
<u>Current Liabilities</u>		
Bank Indebtedness (Note 3)	\$ 361,847	179,011
Accounts Payable and Accrued (Note 4)	7,795,498	7,514,293
Current Maturities (Schedule 9A)	<u>31,570</u>	<u>31,570</u>
<u>Total Current Liabilities</u>	<u>8,188,915</u>	<u>7,724,874</u>
<u>Long-Term Debt (Schedule 9)</u>	<u>260,028</u>	<u>292,637</u>
<u>Board Equity</u>		
Investment in Capital Assets (Note 6)	37,670,400	37,421,457
Reserve Account (Note 5)	<u>(7,613,494)</u>	<u>(7,375,841)</u>
Board Equity		
<u>Total Board Equity</u>	<u>30,056,906</u>	<u>30,045,616</u>
	<u>\$38,505,849</u>	<u>38,063,127</u>

APPROVED BY:

 Chairman
 Secretary

See Accompanying Notes

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Statement of Current Revenues, Expenditures and Board Equity
Year ended June 30, 2003

	<u>2003</u>	<u>2002</u>
<u>Current Revenue (Schedule 1)</u>		
Provincial Government Grants	\$26,133,117	25,270,809
Donations	99,659	204,843
Ancillary Services	10,810	11,681
Miscellaneous	<u>248,367</u>	<u>263,562</u>
	<u>26,491,953</u>	<u>25,750,895</u>
<u>Current Expenditures</u>		
Administration (Schedule 2)	1,005,549	967,941
Instruction (Schedule 3)	21,408,156	20,909,260
Operations and Maintenance (Schedule 4)	2,986,579	2,706,270
Pupil Transportation (Schedule 5)	1,460,921	1,516,608
Ancillary Services (Schedule 6)		
Interest Expense (Schedule 9C)	9,008	3,614
Miscellaneous Expense (Schedule 7)		
	<u>26,870,213</u>	<u>26,103,693</u>
 23 111 Excess of Expenditures over Revenue	 (378,260)	 (352,798)
Transfer (to) from Capital	<u>140,607</u>	<u>(12,919)</u>
	<u>(237,653)</u>	<u>(365,717)</u>
 Board Deficit, Beginning of Year		
As Previously Reported	(4,827,168)	(4,582,816)
Adjustment of Prior Years Teachers' Summer Pay and Support Staff Annual Leave (Note 8)	<u>(2,548,673)</u>	<u>(2,427,308)</u>
As Restated	<u>(7,375,841)</u>	<u>(7,010,124)</u>
Board Deficit, End of Year	<u><u>\$(7,613,494)</u></u>	<u><u>(7,375,841)</u></u>
 Board Deficit consists of:		
Board Deficit Before Accruals	\$ (147,658)	(197,724)
Add: Accruals		
Teachers' Severance	(4,306,194)	(4,214,499)
Support Staff Severance and Annual Leave	(632,553)	(591,867)
Teachers' Summer Pay Liability	<u>(2,527,089)</u>	<u>(2,371,751)</u>
Board Deficit, End of Year	<u><u>\$(7,613,494)</u></u>	<u><u>(7,375,841)</u></u>

SCHEDULE DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Statement of Changes in Financial Position
Year ended June 30, 2003

		<u>2003</u>	<u>2002</u>
60	<u>Operating Activities</u>		
011	Excess of Revenue over Expenditures	\$ (378,260)	(352,798)
012	Changes in Non-Cash Working Capital		
013	- Short-Term Investments		
014	- Accounts Receivable	(197,620)	143,004
015	- Prepaid Expenses	(22,301)	(42,711)
014	- Accounts Payable & Accrued Expenses	281,205	368,621
015	- Current Maturities		
016	Other (Specify)		
		<u>(316,976)</u>	<u>116,116</u>
61	<u>Financing Activities</u>		
011	Proceeds from Bank Loans	--	78,852
012	Grants - Capital	176,941	60,048
013	Other Capital Revenues		
014	Changes in Long-Term Debt	(32,609)	(24,999)
015	Other - Debt Repayment by Operating	<u>32,609</u>	<u>24,999</u>
		<u>176,941</u>	<u>138,900</u>
62	<u>Investing Activities</u>		
011	Proceeds in Sale of Capital Assets	180,000	700
012	Additions to Property and Equipment	(216,334)	(152,520)
013	Other (Specify)		
		<u>(36,334)</u>	<u>(151,820)</u>
63	<u>Increase (Decrease) in Cash</u>	<u>(176,369)</u>	<u>103,196</u>
64	<u>Cash, Beginning of the Year</u>	<u>(164,660)</u>	<u>(267,856)</u>
65	<u>Cash, End of the Year</u>	<u>\$ (341,029)</u>	<u>(164,660)</u>
	Cash, End of Year, consists of:		
	Cash	\$ 20,818	14,351
	Bank Indebtedness	<u>(361,847)</u>	<u>(179,011)</u>
		<u>\$ (341,029)</u>	<u>(164,660)</u>

See Accompanying Notes

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Statement of Changes in Capital Fund
Year ended June 30, 2003

		<u>2003</u>	<u>2002</u>
70	Capital Receipts		
71	Proceeds from Bank Loans		
011	- School Construction	\$	
012	- Equipment		
013	- Service Vehicles		
014	- Pupil Transportation	--	78,852
015	- Other (Specify)		
		<u> </u>	<u> </u>
		--	78,852
72	DEC Grants		
011	School Construction and Equipment		
012	Other - EIC	<u>176,941</u>	<u>60,048</u>
		<u>176,941</u>	<u>60,048</u>
73	Donations		
011	- Cash Receipts		
012	- Non-Cash Receipts		
013	- Restricted Use		
		<u> </u>	<u> </u>
		<u> </u>	<u> </u>
74	Sale of Capital Assets - Proceeds		
011	- Land	180,000	--
012	- Buildings		
013	- Equipment		
014	- Service Vehicles		
015	- Pupil Transportation Vehicles	--	700
016	- Other (Specify)		
		<u>180,000</u>	<u>700</u>
75	Other Capital Revenues		
011	- Interest on Capital Fund Investments		
012	- Premiums on Debentures		
013	- Recoveries of Expenditures		
015	- Insurance Proceeds		
016	- Native Peoples Grants		
017	- Miscellaneous (Specify)		
		<u> </u>	<u> </u>
		<u> </u>	<u> </u>
	Total Capital Receipts	<u> </u>	<u> </u>
77	Transfer from Reserve Account	<u> </u>	<u> </u>
78	Transfer (to) from Current Fund	<u>(140,607)</u>	<u>12,919</u>
Total		<u>\$ 216,334</u>	<u>152,519</u>

See Accompanying Notes

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Statement of Changes in Capital Fund (Cont'd)
Year ended June 30, 2003

		<u>2003</u>	<u>2002</u>
80	<u>Capital Disbursements</u>		
81	Additions to Property & Equipment	\$	
011	- Land and Sites		
012	- Buildings	216,334	73,667
013	- Furniture & Equipment - School		
014	- Furniture & Equipment - Other		
015	- Service Vehicles		
016	- Pupil Transportation	--	78,852
017	- Other (Specify)	--	
		<u>216,334</u>	<u>152,519</u>
82	Principal Repayment of Long-Term Debt		
011	- School Construction		
012	- Equipment		
013	- Service Vehicles		
014	- Other (Specify)		
83	Miscellaneous Disbursements		
013	- Other (Specify)		
	Total Capital Disbursements	<u>\$ 216,334</u>	<u>152,519</u>

See Accompanying Notes

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Notes to the Financial Statements
Year ended June 30, 2003

1. Significant Accounting Policies:

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Boards to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting, is as follows:

- (a) Grants received by the Board are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the Denominational Education Council are recorded as capital revenues.
- (b) Fixed asset additions are recorded at full cost in the capital fund.
- (c) The Board does not calculate or record depreciation on any of its fixed assets.
- (d) Principal Repayment of Pupil Transportation Loans are recorded as Current Expenditures. All other principal repayment of bank loans are recorded as Capital Expenditures.

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Notes to the Financial Statements
Year ended June 30, 2003

			<u>2003</u>	<u>2002</u>
2.		<u>Accounts Receivable</u>		
		<u>Current</u>		
11	131	Provincial Government	\$ 245,884	61,239
	132	Transportation	5,267	36,475
	133	Federal Government	70,985	77,153
	136	Other School Board		
	137	Rent		
	138	Interest	64	105
	139	Travel Advances and Misc.	109,755	59,363
		<u>Capital</u>		
11	231	EIC - Construction Grants		
	233	Local Contributions		
	234	Other School Boards		
	235	Other (Specify)		
			<u>\$ 431,955</u>	<u>234,335</u>
3.		<u>Bank Indebtedness</u>		
21	131	On Operating Credit	\$ 361,847	179,011
	132	On Capital Account		
			<u>\$ 361,847</u>	<u>179,011</u>

Note 2: Included in Accounts Receivable - Provincial Government is an amount of \$201,210 representing an adjustment to the allocation for school utilities for the year ended June 30, 2003. This amount is subject to review by the Department of Education once the audited financial statements are submitted.

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Notes to the Financial Statements
Year ended June 30, 2003

		<u>2003</u>	<u>2002</u>
4.	<u>Accounts Payable and Accrued</u>		
	<u>Current</u>		
21	111 Trade Payable	\$ 143,021	226,514
	112 Accrued - Liabilities	6,000	6,000
	113 - Interest	866	627
	114 - Wages		
	115 Payroll Deductions		
	116 Retail Sales Tax		
	117 Deferred Grants	179,775	103,035
	118 Other - Summer Pay Liability - Teachers	2,527,089	2,371,751
	- Severance Pay - Teachers	4,306,194	4,214,499
	- Severance Pay and Annual Leave		
	- Support Staff	632,553	591,867
	<u>Capital</u>		
21	211 Trade Payable		
	212 Accrued - Liabilities		
	213 - Interest		
	217 Deferred Grants		
	218 Other (Specify)		
		<u>\$ 7,795,498</u>	<u>7,514,293</u>

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Notes to the Financial Statements
Year ended June 30, 2003

5. Reserve Account

Description:

NIL

Balance, Beginning of Year	\$	NIL	NIL
Less Transfer from Reserve		<u> </u>	<u> </u>
Add Transfer to Reserve		<u> </u>	<u> </u>
Balance, End of Year	\$	<u> NIL </u>	<u> NIL </u>

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Notes to the Financial Statements
Year ended June 30, 2003

	<u>2003</u>	<u>2002</u>
6. Investment in Capital Assets, Beginning of Year	\$37,421,457	37,364,135
Add:		
Debt Repayment - Principal by Operating Fund	32,609	24,999
Transfer of Operating Funds to Capital Fund	--	12,919
Grants - DEC - Contribution for Capital Const.		
- Other - Education Investment Corp.	176,941	60,048
Donations - (Specify)		
Proceeds from Sale of Capital Assets		
- Land	180,000	--
- Buildings		
- Equipment		
- Vehicles	--	700
- Other		
Interest on Capital Fund Investments		
Recoveries of Expenditures		
Insurance Proceeds - Capital		
Native Peoples Grants - Capital		
Miscellaneous (Specify)		
	<u>37,811,007</u>	<u>37,462,801</u>
Deduct Adjustments:		
Transfer of Capital Funds to Operating Fund	140,607	--
Cost of Assets Sold - Land		
- Buildings		
- Equipment		
- Vehicles	--	41,344
- Other		
	<u>140,607</u>	<u>41,344</u>
Other		
23 121 Investment in Capital Assets, End of Year	<u>\$37,670,400</u>	<u>37,421,457</u>

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Notes to the Financial Statements
Year ended June 30, 2003

7. Commitments:
At balance sheet date the Board had the following commitments:

None

8. Other:

In accordance with a directive from the Department of Education, the summer pay liability for teachers and annual leave for support staff owing at June 30, 2003 in the amount of \$2,712,856 has been accrued in the accounts. Of this amount, \$2,548,673 has been accrued to June 30, 2002 and has been charged to the deficit at that date, previously reported as \$4,827,168. The comparative figures for 2002 have been retroactively adjusted to reflect this additional accrual.

SCHEDULE 1.

SCHOOL DISTRICT #2
 NORTHERN PENINSULA/LABRADOR SOUTH
 Current Revenues
 Year ended June 30, 2003

		<u>2003</u>	<u>2002</u>
<u>Current Revenues</u>			
32	010 Provincial Government Grants	\$ 4,441,004	4,307,575
	011 Regular Operating Grants		
	016 Special Grants (Details on bottom of Schedule 1)	7,030	6,328
	Salaries and Benefits		
	017 - Superintendent and Asst. Supts.	296,367	298,237
	021 - Regular Teachers	19,439,786	18,694,761
	022 - Substitute Teachers	530,970	495,341
	030 Pupil Transportation		
	031 - Board Owned	506,472	487,414
	032 - Contracted	785,456	838,649
	033 - Handicapped	126,032	142,504
		<u>26,133,117</u>	<u>25,270,809</u>
33	010 Donations		
	012 Cash Receipts		
	013 Non-Cash Receipts		
	014 Restricted Use	<u>99,659</u>	<u>204,843</u>
		<u>99,659</u>	<u>204,843</u>

SCHEDULE 1 (Cont'd)

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Current Revenues
Year ended June 30, 2003

		<u>2003</u>	<u>2002</u>
34	010 Ancillary Services		
	011 Revenues from Rental of Residences	\$ 5,070	5,070
	021 Revenues from Rental of Schools and Facilities (Net)	5,740	6,611
	031 Cafeterias		
	032 Other (Specify)		
		<u>10,810</u>	<u>11,681</u>
35	010 Miscellaneous		
	011 Interest on Investments	2,547	5,201
	012 Bus Charters	4,834	8,214
	021 Recoveries of Expenditures	3,682	9,860
	031 Revenues from Other School Boards		
	Federal Rebates - GST	146,215	146,883
	051 Insurance Proceeds		
	061 Bilingual Education Revenue	7,452	16,503
	071 Operating Rev. from Native Peoples Grant		
	081 Miscellaneous Federal Grants		
	091 Textbooks	79,570	71,411
	092 Sundry	4,067	5,490
		<u>248,367</u>	<u>263,562</u>
	Total Current Revenues	<u>\$26,491,953</u>	<u>25,750,895</u>
	<u>Special Grants</u>		
	Administration - textbooks	<u>\$ 7,030</u>	<u>6,328</u>

SCHEDULE 2.

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Administration Expenditures
Year ended June 30, 2003

	<u>2003</u>	<u>2002</u>
51 Salaries and Benefits		
011 - Superintendents and Assistant Superintendents	\$ 298,681	301,897
012 - Board Office Personnel	345,839	332,460
013 Office Supplies	22,127	24,048
014 Replacement Furniture and Equipment	2,701	5,496
015 Postage	13,993	12,900
016 Telephone	29,896	27,554
017 Office Equipment Rentals and Repairs	2,218	2,372
018 Bank Charges	581	19
019 Electricity	10,777	8,955
021 Fuel	18,513	8,688
022 Insurance		
023 Repairs and Maintenance (Office Building)		
024 Travel	80,631	69,720
025 Board Meeting Expenses	100,048	88,667
026 Election Expenses	--	6,159
027 Professional Fees	14,437	20,459
028 Advertising	41,186	36,567
029 Membership Dues	16,001	16,730
031 Municipal Service Fees		
032 Rental of Office Space		
033 Relocation Expenses		
034 Miscellaneous	3,287	93
035 Payroll Tax	<u>4,633</u>	<u>5,157</u>
Total Administration Expenditures	<u>\$ 1,005,549</u>	<u>967,941</u>

SCHEDULE 3.

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Instruction Expenditures
Year ended June 30, 2003

		<u>2003</u>	<u>2002</u>
52	010 Instructional Salaries (Gross)		
	011 Teachers' Salaries - Regular	\$19,617,544	18,809,653
	012 - Substitute	532,784	519,730
	013 - Board Paid		
	014 Teachers' Severance	91,695	197,241
	015 Employee Benefits		
	016 School Secretaries - Salaries & Benefits	365,227	323,775
	017 Payroll Tax	4,633	3,782
	018 Other (Specify)		
		<u>20,611,883</u>	<u>19,854,181</u>
52	040 Instructional Materials		
	041 General Supplies	364,351	576,812
	042 Library Resource Materials		
	043 Teaching Aids		
	044 Textbooks	<u>83,551</u>	<u>76,196</u>
		<u>447,902</u>	<u>653,008</u>
52	060 Instructional Furniture and Equipment		
	061 Replacement	28,060	92,569
	062 Rentals and Repairs		
		<u>28,060</u>	<u>92,569</u>
50	080 Instructional Staff Travel		
	081 Program Co-ordinators	66,994	67,782
	082 Teachers' Travel	57,005	51,220
	083 Inservice and Conferences	<u>80,471</u>	<u>79,292</u>
		<u>204,470</u>	<u>198,294</u>
52	090 Other Instructional Costs		
	091 Postage and Stationery	59,905	47,989
	092 Miscellaneous - French Monitor	8,179	17,469
	- Computer Support Specialist	<u>47,757</u>	<u>45,750</u>
		<u>115,841</u>	<u>111,208</u>
	Total Instruction Expenditures	<u>\$21,408,156</u>	<u>20,909,260</u>

SCHEDULE 4.

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Operations and Maintenance Expenditures - Schools
Year ended June 30, 2003

	<u>2003</u>	<u>2002</u>
53 011 Salaries and Benefits - Janitorial	\$ 1,134,815	1,165,909
012 - Maintenance	137,711	117,542
013 Payroll Tax	16,722	16,981
014 Electricity	448,310	344,525
015 Fuel	523,544	454,208
016 Municipal Service Fee	44,969	37,349
017 Telephone	176,614	160,284
018 Vehicle Operating and Travel	72,299	50,848
019 Janitorial Supplies	49,407	52,643
021 Janitorial Equipment	1,149	--
022 Repairs and Maintenance - Buildings	265,090	222,503
023 - Equipment		
024 Contracted Services - Janitorial		
025 Snow Clearing	111,873	80,567
026 Rentals	--	268
027 Other - Cellular Telephone	<u>4,076</u>	<u>2,643</u>
Total Operations and Maintenance	<u>\$2,986,579</u>	<u>2,706,270</u>

SCHEDULE 5.

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Pupil Transportation Expenditures
Year ended June 30, 2003

		<u>2003</u>	<u>2002</u>
54	010 Operation and Maintenance of Board		
	Owned Fleet		
	Salaries and Benefits - Replacement Drivers \$	--	8,760
011	- Administration	20,000	20,000
012	- Drivers and Mechanics	300,600	268,500
	- Severance	--	4,358
013	Payroll Tax	4,900	4,500
014	Debt Repayment - Interest	14,143	11,909
015	- Principal	32,609	24,999
016	Bank Charges		
017	Gas and Oil	60,790	56,770
018	Licenses	6,336	8,692
019	Insurance	3,800	3,799
021	Repairs and Maintenance - Fleet	52,211	73,680
022	- Building		
023	Tires and Tubes	9,537	2,661
024	Heat and Light		
025	Municipal Service		
026	Snow Clearing	2,500	2,500
027	Office Supplies		
028	Rent		
029	Travel	900	900
031	Professional fees	700	700
032	Miscellaneous	1,880	2,500
033	Telephone	400	400
034	Vehicle Leases		
		<u>511,306</u>	<u>495,628</u>
54	040 Contracted Services		
041	Regular Transportation	817,167	871,716
042	Handicapped	<u>132,448</u>	<u>149,264</u>
		<u>949,615</u>	<u>1,020,980</u>
	Pupil Transportation Expenditures	<u>\$ 1,460,921</u>	<u>1,516,608</u>

SCHEDULE 6.

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Ancillary Services and Miscellaneous Expenses
Year ended June 30, 2003

Ancillary Services

The Board owns and operates the following ancillary services:

		<u>2003</u>	<u>2002</u>
55	Ancillary Services		
011	Operation of Teachers' Residences	\$	
031	Cafeterias		
032	Other (Specify)		
		<u>\$ NIL</u>	<u>NIL</u>

SCHEDULE 7.

Miscellaneous Expenses (Specify)

The Board has incurred the following miscellaneous expenses:

		<u>2003</u>	<u>2002</u>
57	011 Miscellaneous Expenses (Specify)	<u>\$ NIL</u>	<u>NIL</u>

SCHEDULE 8.

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Details of Property and Equipment
Year ended June 30, 2003

		Balance June 30, 2002	Additions	Disposals	Balance June 30, 2003
12	210 Land and Sites				
	211 Land and Sites	\$ 646,250			646,250
12	220 Buildings				
	221 Schools	32,927,255	216,334		33,143,589
	222 Administration	1,257,522			1,257,522
	223 Residential	21,289			21,289
	224 Recreational				
	225 Other (Specify)				
		34,206,066	216,334		34,422,400
12	230 Furniture and Equip.				
	231 Schools	2,102,344			2,102,344
	232 Administration	110,574			110,574
	233 Residential				
	234 Recreational				
	235 Other (Specify)				
		2,212,918			2,212,918
12	240 Vehicles				
	241 Service Vehicles	20,354			20,354
12	250 Pupil Transportation				
	251 Land				
	252 Building				
	253 Vehicles - Buses	660,076			660,076
	254 - Service				
	255 Equipment				
	256 Other (Specify)				
		660,076			660,076
12	260 Misc. Capital Assets				
	261 Other (Specify)				
	Total Property and Equipment	\$37,745,664	216,334		37,961,998

SCHEDULE 9.

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Details of Long-Term Debt
Year ended June 30, 2003

Bank loans, mortgage and debentures,
approved by the Board and the Government
of Newfoundland and Labrador

22 210 Loans Other than Pupil Transportation

			<u>2003</u>	<u>2002</u>
	<u>Ref. #</u>			
211	Bank Loans			
	Repayable \$ _____	monthly, maturing _____	\$	
	Repayable \$ _____	monthly, maturing _____		
	Repayable \$ _____	monthly, maturing _____		
	Repayable \$ _____	monthly, maturing _____		
	Repayable \$ _____	monthly, maturing _____		
	Repayable \$ _____	monthly, maturing _____		
	Total 211		<u>NIL</u>	<u>NIL</u>
212	Mortgages			
	Repayable \$ _____	monthly, maturing _____		
	Repayable \$ _____	monthly, maturing _____		
	Repayable \$ _____	monthly, maturing _____		
	Repayable \$ _____	monthly, maturing _____		
	Repayable \$ _____	monthly, maturing _____		
	Repayable \$ _____	monthly, maturing _____	<u>NIL</u>	<u>NIL</u>
	Total 212		<u>NIL</u>	<u>NIL</u>
213	Debentures			
	Repayable \$ _____	monthly, maturing _____		
	Repayable \$ _____	monthly, maturing _____	<u>NIL</u>	<u>NIL</u>
	Total 213		<u>NIL</u>	<u>NIL</u>
214	Other (Please Specify)			
	Subtotal		<u>NIL</u>	<u>NIL</u>
215	Less Current Maturities			
	Total Loans Other than Pupil Transportation		<u>NIL</u>	<u>NIL</u>

22 220 Loans - Pupil Transportation

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SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Summary of Long-Term Debt
Year ended June 30, 2003

<u>Description</u>	<u>Ref. #</u>	<u>Rate</u>	<u>Balance Beginning of Year</u>	<u>Loans Obtained During Year</u>	<u>Principal Repayment for Year</u>	<u>Balance End of Year</u>
A) School Construction						
B) Equipment						
C) Service Vehicles						
D) Other						
E) Pupil Transportation			\$ 324,207		32,609	291,598
Total Loans			\$ 324,207		32,609	291,598

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Schedule of Current Maturities
Year ended June 30, 2003

<u>Description</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
A) School Construction \$					
B) Equipment					
C) Service Vehicles					
D) Other					
E) Pupil Transportation					
Loan 1	6,194	6,194	6,194	6,194	6,194
Loan 2	6,274	6,274	6,274	6,274	6,274
Loan 3	6,253	6,253	6,253	6,253	6,253
Loan 4	6,278	6,278	6,278	6,278	6,278
Loan 5	<u>6,571</u>	<u>6,571</u>	<u>6,571</u>	<u>6,571</u>	<u>6,571</u>
Total	<u>\$ 31,570</u>	<u>31,570</u>	<u>31,570</u>	<u>31,570</u>	<u>31,570</u>

56 010

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Schedule of Interest Expense
Year ended June 30, 2003

	<u>2003</u>	<u>2002</u>
<u>Description</u>		
012 <u>Capital</u>		
School Construction	\$	
Equipment		
Service Vehicles		
Other (Specify)		
	_____	_____
 Total Capital	 _____ --	 _____ --
013 Current - Operating Loans	9,008	3,614
014 - Supplier Interest Charges		
	_____ 9,008	_____ 3,614
Total Current	9,008	3,614
Total Interest Expense	<u>\$ 9,008</u>	<u>3,614</u>

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Supplementary Information
Year ended June 30, 2003

1.	<u>Cash</u>		<u>2003</u>	<u>2002</u>
	<u>Current</u>			
11	110 Cash on Hand and in Bank			
	111 Cash on Hand	\$	369	269
	112 Bank - Current			
	113 - Savings			
	114 - Teachers' Payroll		20,449	14,082
	115 - Non-Teachers' Payroll			
	116 - Coupon (Debenture)			
	117 - Other (Specify)			
	<u>Capital</u>			
11	210 Cash on Hand and in Bank			
	211 Cash on Hand			
	212 Bank - Current			
	213 - Savings			
	214 - Other (Specify)			
	Total Cash on Hand and in Bank	\$	<u>20,818</u>	<u>14,351</u>
2.	<u>Short Term Investments</u>			
	<u>Current</u>			
11	121 Term Deposits	\$	5,173	5,173
	122 Canada Savings Bonds			
	123 Other (Specify)			
	<u>Capital</u>			
11	221 Term Deposits			
	222 Canada Savings Bonds			
	223 Other (Specify)			
	Total Short Term Investments	\$	<u>5,173</u>	<u>5,173</u>
3.	<u>Prepaid Expenses</u>			
	<u>Current</u>			
11	141 Insurance	\$	719	655
	142 Municipal Service Fees			
	143 Supplies		10,670	8,320
	144 Other - Travel		19,342	20,989
	- Used Textbooks		21,674	33,640
	- Workers Compensation		33,500	--
	<u>Capital</u>			
11	241 Other (Specify)			
		\$	<u>85,905</u>	<u>63,604</u>

OFFICE OF THE HIGH SHERIFF
OF NEWFOUNDLAND AND LABRADOR

FINANCIAL STATEMENTS

31 MARCH 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the High Sheriff of Newfoundland and Labrador
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Office of the High Sheriff of Newfoundland and Labrador as at 31 March 2004 and the statement of operations for the year then ended. These financial statements have been prepared to meet the information needs of the High Sheriff of Newfoundland and Labrador and the Government of Newfoundland and Labrador under Section 10 of the *Sheriff's Act, 1991*. The financial statements are the responsibility of the High Sheriff. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Office of the High Sheriff of Newfoundland and Labrador as at 31 March 2004 and the results of its operations for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information of the High Sheriff of Newfoundland and Labrador and the Government of Newfoundland and Labrador to meet their information needs under Section 10 of the *Sheriff's Act, 1991*. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

A handwritten signature in dark ink, appearing to read 'John L. Noseworthy'.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
2 June 2004

OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND AND LABRADOR BALANCE SHEET

31 March 2004 2003

	Trust Fund (Note 2)	Revenue Fund (Note 3)	Trial and Jury Fund (Note 4)		
ASSETS					
Cash	\$ 76,177	\$ 9,393	\$ 16,806	\$ 102,376	\$ 214,291
Accounts receivable	428	87,725	3,225	91,378	87,611
Inventory held in trust (Note 1)	1	-	-	1	1
	\$ 76,606	\$ 97,118	\$ 20,031	\$ 193,755	\$ 301,903
LIABILITIES					
Trust account, court orders	\$ 76,178	\$ -	\$ -	\$ 76,178	\$ 188,406
Due to Consolidated Revenue Fund	428	97,118	31	97,577	93,497
Trial and jury account, accountable advance	-	-	20,000	20,000	20,000
	\$ 76,606	\$ 97,118	\$ 20,031	\$ 193,755	\$ 301,903

See accompanying notes

Signed on behalf of the Office:


High Sheriff

**OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF OPERATIONS**

For the Year Ended 31 March

2004

2003

	Trust Fund (Note 2)	Revenue Fund (Note 3)	Trial and Jury Fund (Note 4)		
REVENUES					
Court orders	\$ 2,697,521	\$ -	\$ -	\$ 2,697,521	\$ 2,938,045
Service fees	-	1,236,154	-	1,236,154	1,193,411
Registration fees, court orders	-	276,510	-	276,510	232,425
Replenishment of trial and jury bank account	-	-	25,953	25,953	44,724
Interest	8,064	-	496	8,560	9,646
	<u>\$ 2,705,585</u>	<u>\$ 1,512,664</u>	<u>\$ 26,449</u>	<u>\$ 4,244,698</u>	<u>\$ 4,418,251</u>
EXPENSES					
Court orders	\$ 2,697,521	\$ -	\$ -	\$ 2,697,521	\$ 2,938,045
Consolidated Revenue Fund	7,308	1,512,664	496	1,520,468	1,434,667
Trial and jury expenses	-	-	25,953	25,953	44,724
Bank fees	756	-	-	756	815
	<u>\$ 2,705,585</u>	<u>\$ 1,512,664</u>	<u>\$ 26,449</u>	<u>\$ 4,244,698</u>	<u>\$ 4,418,251</u>

See accompanying notes

OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND AND LABRADOR

NOTES TO FINANCIAL STATEMENTS

31 March 2004

Authority

The Office of the High Sheriff of Newfoundland and Labrador operates under the authority of the *Judgment Enforcement Act* and Regulations, implemented 1 June 1997, and the *Sheriff's Act, 1991*. The Office is the enforcement arm of the Supreme Court of Newfoundland and Labrador and the Provincial Courts, and has the responsibility of enforcing all monetary judgments issued by these Courts. This includes the attachment and seizure of real and personal property. The Office is also responsible for the service of court documents, the administration of the jury system and court security.

1. **Basis of accounting**

These financial statements have been prepared by the Office of the High Sheriff in accordance with the significant accounting policies set out below to meet the information needs of the High Sheriff of Newfoundland and Labrador and the Government of Newfoundland and Labrador under Section 10 of the *Sheriff's Act, 1991*. The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because revenues related to court orders are being recognized on a cash basis and not all expenditures related to the operations of the Office of the High Sheriff are reflected in these statements.

Significant accounting policies

These financial statements are prepared on the accrual basis of accounting except for Court order revenues which are recorded on a cash basis. Outlined below are the significant accounting policies followed.

(a) Administrative expenditures

The Office of the High Sheriff of Newfoundland and Labrador, for administrative purposes, operates as a division of the Department of Justice. Therefore, expenditures related to salaries, accommodations and administration are absorbed by the Department of Justice and no provision has been made in these financial statements for the cost of these items.

(b) Inventory held in trust

Inventory consists of real or personal property seized by the Office of the High Sheriff as the result of a Court order and is recorded in these financial statements at a nominal value of \$1 as valuation of these assets is not readily determinable. These assets are recorded in the records of the Office of the High Sheriff of Newfoundland and Labrador at an estimated value for administrative purposes.

2. **Trust Fund**

A trust account has been established to accommodate amounts collected from defendants and the payment of these funds to plaintiffs.

OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND AND LABRADOR

NOTES TO FINANCIAL STATEMENTS

31 March 2004

3. Revenue Fund

Revenues collected for various services provided by the Office of the High Sheriff of Newfoundland and Labrador are deposited directly to the Province's Consolidated Revenue Fund.

4. Trial and Jury Fund

The Office of the High Sheriff of Newfoundland and Labrador is responsible for jury administration in the Province and maintains a recurring accountable advance of \$20,000 to pay expenses associated with this duty. This advance is replenished as required throughout the year by claims submitted to the Department of Justice.

5. Related party transactions

Service fees, search fees and registration fees collected, and interest earned, net of bank fees, are paid into the Province's Consolidated Revenue Fund.

6. Income taxes

The Office of the High Sheriff of Newfoundland and Labrador is a division of the Department of Justice and as such is not subject to Provincial or Federal income taxes.

PROVINCE OF NEWFOUNDLAND AND LABRADOR
POOLED PENSION FUND

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2003



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Trustee
Province of Newfoundland and Labrador
Pooled Pension Fund
St. John's, Newfoundland and Labrador

I have audited the consolidated statement of net assets available for benefits of the Province of Newfoundland and Labrador Pooled Pension Fund as at 31 December 2003 and the consolidated statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2003 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read "John L. Noseworthy".

JOHN L. NOSEWORTHY, C.A.
Auditor General

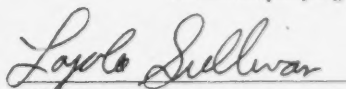
St. John's, Newfoundland and Labrador
19 March 2004

**PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
CONSOLIDATED STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS**

31 December	2003	2002
	(000's)	(000's)
ASSETS		
Investments (Note 2)		
Short-term notes and deposits	\$ 49,468	\$ 70,695
Bonds and debentures	532,858	477,314
Equities - Canadian	1,153,891	896,252
- Foreign	682,316	603,593
Real estate (Note 3)	94,294	36,905
	<u>2,512,827</u>	<u>2,084,759</u>
Receivables		
Employee contributions	3,015	2,470
Employer contributions	2,964	2,433
Accrued investment income	6,661	6,211
Accounts receivable	114	47
	<u>12,754</u>	<u>11,161</u>
Cash	7,801	5,535
Prepaid expenses	51	22
Deferred charges	683	1,565
	<u>2,534,116</u>	<u>2,103,042</u>
LIABILITIES		
Accounts payable and accrued liabilities	3,903	2,928
Refunds payable	540	394
Due to Province of Newfoundland and Labrador	776	820
Mortgages payable (Note 4)	46,194	11,785
	<u>51,413</u>	<u>15,927</u>
NET ASSETS AVAILABLE FOR BENEFITS	\$ 2,482,703	\$ 2,087,115

See accompanying notes

Signed on behalf of the Fund:


Minister of Finance
Trustee


Chairperson
Pension Investment Committee

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended 31 December

2003

2002

	Public Service Pension Plan (000's)	Teachers' Pension Plan (000's)	Uniformed Services Pension Plan (000's)	Members of the House of Assembly Pension Plan (000's)	Total (000's)	Total (000's)
Increase in net assets						
Investments (Note 5)						
Investment income	\$ 49,464	\$ 23,163	\$ 863	\$ 326	\$ 73,816	\$ 87,439
Gain (Loss) on sale of investments	4,113	1,926	72	27	6,138	(73,436)
Current period change in market value of investments	176,652	82,724	3,084	1,160	263,620	(178,576)
	230,229	107,813	4,019	1,513	343,574	(164,573)
Contributions						
Employee	76,649	36,280	2,434	387	115,750	101,071
Employer (Note 6)	75,819	34,294	2,387	386	112,886	98,382
Special payments (Note 6)	60,000	76,000	20,000	7,500	163,500	143,500
Deficiency guarantee from Province of Newfoundland and Labrador (Note 6)	-	-	-	-	-	2,700
	442,697	254,387	28,840	9,786	735,710	181,080
Decrease in net assets						
Pensions	137,647	165,743	12,542	3,672	319,604	296,308
Refund of contributions with interest	9,770	1,657	465	-	11,892	11,379
Administrative costs (Note 7)	5,906	2,525	153	42	8,626	8,485
	153,323	169,925	13,160	3,714	340,122	316,172
Total increase (decrease) in net assets	289,374	84,462	15,680	6,072	395,588	(135,092)
Net assets available for benefits, beginning of year	1,387,768	680,990	13,314	5,043	2,087,115	2,222,207
Net assets available for benefits, end of year	\$1,677,142	\$765,452	\$28,994	\$11,115	\$2,482,703	\$2,087,115

See accompanying notes

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2003

Authority and description

The Province of Newfoundland and Labrador Pooled Pension Fund (the Fund) was created 1 July 1980 under the authority of the *Pensions Funding Act* for the purpose of providing for the funding of pension plans sponsored by the Province as outlined below. The affairs of the Fund are managed by the Minister of Finance, as Trustee of the Fund. Section 9 of the *Act* states that where there are insufficient assets to meet the obligations of the Fund, or the equity apportioned to a plan is insufficient to meet the obligations of the plan, the Minister shall pay out of the Consolidated Revenue Fund sufficient monies as may be necessary to cover the deficiency.

The following pension plans participate in the Fund: Public Service Pension Plan, Teachers' Pension Plan, Uniformed Services Pension Plan and Members of the House of Assembly Pension Plan.

(a) **Public Service Pension Plan**

(i) General

The Plan is a contributory defined benefit pension plan covering full-time employees of the Government of the Province of Newfoundland and Labrador and various Crown corporations, agencies and commissions created by or under a statute of the Province.

(ii) Employee contributions

Employee contributions are equal to 8.6% of the Canada Pension Plan (CPP) basic exemption, plus 6.8% of the employee's salary between the CPP basic exemption and the Year's Maximum Pensionable Earnings (YMPE) under the CPP, plus 8.6% of the employee's salary in excess of the YMPE.

(iii) Accrued service pensions

A service pension is available based on the number of years of pensionable service times 2% of the member's best five years average salary. When a retired member reaches age 65, this pension is reduced by 0.6% of the member's best five years average salary up to average YMPE times years of pensionable service after 1 April 1967.

Employees who have reached age 50 and have at least 30 years of service are permitted to retire with a 0.5% reduction in pension benefit for each month under age 55.

Employees who have reached age 55 and have 30 years of service may retire with an unreduced pension. Employees age 55 or greater with less than 30 years service and with age and service equal to 85 may retire with a pension reduced by 0.5% for each month under age 60.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2003

Authority and description (cont.)

(a) Public Service Pension Plan (cont.)

(iv) Disability pensions

A disability pension equal to the accrued service pension is available on permanent incapacity at any age with a minimum of five years pensionable service.

(v) Survivor pensions

A survivor pension of 60% of the member's accrued service pension is paid to the surviving principal beneficiary (and on the surviving principal beneficiary's death, to dependent children) following the death of a pensioner, a deferred pensioner or an employee with at least five years pensionable service. Where an employee with at least 5 years pensionable service dies before receiving a pension and a survivor benefit is payable, the surviving principal beneficiary may elect to receive either the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the employee's pension entitlement.

(vi) Death refunds

The commuted value of the pension entitlement is payable when a survivor pension is not payable.

(vii) Termination benefits

On termination of employment, an employee may elect to receive a refund of the employee's own contributions with interest or, if the employee has at least five years pensionable service, may elect to receive a deferred pension or commuted value.

(viii) Indexing

Effective 1 October 2002 and each 1 October thereafter the amount of a pension or survivor benefit paid to an individual who has reached the age of 65 shall be adjusted by 60% of the Consumer Price Index for Canada for the previous calendar year as published by Statistics Canada, to a maximum of 1.2% of the annual pension or survivor benefit.

(b) Teachers' Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering teachers employed by school boards or the Province of Newfoundland and Labrador and full-time employees of the Newfoundland and Labrador Teachers' Association.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2003

Authority and description (cont.)

(b) **Teachers' Pension Plan (cont.)**

(ii) Employee contributions

Employee contributions are equal to 9.35% of salary.

(iii) Accrued service pensions

A service pension is available based on $1/45^{\text{th}}$ of the member's best five years average salary times years of pensionable service prior to 1 January 1991, plus 2% of the member's best five years average salary times years of pensionable service after 1 January 1991. When a member who retired after 31 August 1998 reaches age 65, this pension is reduced by 0.6% of the member's best five years average salary up to average YMPE times years of pensionable service after 1 April 1967.

(iv) Disability pensions

A disability pension equal to the accrued service pension is available on permanent incapacity at any age with a minimum of five years pensionable service.

(v) Survivor pensions

A survivor pension of 60% of the member's accrued service pension is paid to the surviving principal beneficiary (and on the surviving principal beneficiary's death, to dependent children) following the death of a pensioner, a deferred pensioner or an employee with at least five years pensionable service.

(vi) Death refunds

A refund equal to employee's contributions with interest is payable when a survivor pension is not payable.

(vii) Termination benefits

On termination of employment, a teacher may elect to receive a refund of the teacher's own contributions with interest or, if the teacher has at least five years pensionable service, may elect to receive a deferred pension.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2003

Authority and description (cont.)

(b) Teachers' Pension Plan (cont.)

(viii) Indexing

Effective 1 September 2002 and each 1 September thereafter the amount of a pension or survivor benefit paid to an individual who has reached the age of 65 shall be adjusted by 60% of the Consumer Price Index for Canada for the previous calendar year as published by Statistics Canada, to a maximum of 1.2% of the annual pension or survivor benefit. This provision only applies to a pension or survivor benefit where the teacher to whom that pension or benefit relates retires after 31 August 1998.

(c) Uniformed Services Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering members of the Royal Newfoundland Constabulary, warders at various Provincial correctional institutions, and some members of the St. John's Regional Fire Department.

(ii) Employee contributions

Employee contributions are equal to 8.5% of the Canada Pension Plan (CPP) basic exemption, plus 6.7% of the employee's salary between the CPP basic exemption and the Year's Maximum Pensionable Earnings (YMPE) under the CPP, plus 8.5% of the employee's salary in excess of the YMPE. Grandfathered members contribute an additional 3.5% of salary, which is also matched by the Province.

(iii) Accrued service pensions

A service pension is available based on the number of years of pensionable service times 2% of the member's best three years average salary. When a retired member reaches age 65, this pension is reduced by 0.6% of the member's best three years average salary up to average YMPE times years of pensionable service after 1 April 1967. Grandfathered members have higher service pensions in recognition of higher contributions (as set out in Employee contributions above).

(iv) Disability pensions

A disability pension equal to the accrued service pension is available on permanent incapacity at any age with a minimum of five years pensionable service.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2003

Authority and description (cont.)

(c) Uniformed Services Pension Plan (cont.)

(v) Survivor pensions

A survivor pension of 60% of the member's accrued service pension is paid to the surviving principal beneficiary (and on the surviving principal beneficiary's death, to dependent children) following the death of a pensioner, a deferred pensioner or an employee with at least five years pensionable service. For grandfathered members, the survivor pension is 55% of the member's accrued service pension. Where an employee with at least 5 years pensionable service dies before receiving a pension and a survivor benefit is payable, the surviving principal beneficiary may elect to receive either the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the employee's pension entitlement.

(vi) Death refunds

The commuted value of the pension entitlement is payable when a survivor pension is not payable.

(vii) Termination benefits

On termination of employment, an employee may elect to receive a refund of the employee's own contributions with interest or, if the employee has at least five years pensionable service, may elect to receive a deferred pension or a commuted value.

(d) Members of the House of Assembly Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering Members of the House of Assembly.

(ii) Member contributions

Members and Ministers are each required to pay 9% of their pensionable salary during the time served as a Member or Minister (may exclude first term).

(iii) Accrued service pensions

A service pension is available, subject to age and years of service criteria, after serving as a Member in at least two General Assemblies and for at least five years. The Member's pension is based on a percentage of the average of the Member's pensionable salary for the best three calendar years. The percentage is calculated as 5% for each of the first ten years, 4% for each of the next five years and 2.5% for each of the next two years of service as a Member. Ministers receive an additional pension calculated similarly and based on service and pensionable salary as a Minister (excluding Member's salary).

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2003

Authority and description (cont.)

(d) **Members of the House of Assembly Pension Plan (cont.)**

(iii) **Accrued service pensions (cont.)**

For Members elected for the first time after the 43rd General Assembly the percentage is calculated as 5% for each of the first ten years and 2.5% for each of the next ten years. For all Members who retired after 31 March 1998, when they reach age 65, this pension is reduced by 0.6% of the Member's best three years average salary up to average YMPE times years of pensionable service after 1 April 1967.

(iv) **Disability pensions**

A disability pension equal to the greater of the accrued service pension or 40% of pensionable salary is available if a Member becomes permanently disabled.

(v) **Survivor pensions**

A survivor pension of the greater of 60% of the accrued service pension or 25% of the last pensionable salary the Member received is paid to the spouse following the death of a Member who is eligible for a service pension. A benefit of 1/6th of the spouse's allowance is payable for each surviving dependent child (1/3rd if no surviving spouse).

(vi) **Death refunds**

A refund of the Member's contributions with interest is payable when a survivor pension is not payable.

(vii) **Termination benefits**

A Member who ceases to be a Member may elect to receive a refund of contributions with interest or, subject to eligibility criteria, may elect to receive a deferred pension.

1. Significant accounting policies

These consolidated financial statements have been prepared by the Fund's management in accordance with Canadian generally accepted accounting principles. The consolidated financial statements present the aggregate financial position of the Fund as a separate financial reporting entity including the operations of its subsidiary Newvest Realty Corporation. They are prepared to assist plan members and others in reviewing the activities of the Fund for the fiscal period but they do not portray the funding requirements of the various plans or the benefit security of individual plan members. Outlined below are the significant accounting policies followed.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2003

1. Significant accounting policies (cont.)

(a) Principles of consolidation

These consolidated financial statements include the assets, liabilities and the changes in net assets of the Fund and Newvest Realty Corporation, a wholly-owned subsidiary incorporated on 9 August 2001 under the *Canada Business Corporations Act* to invest monies received from the Fund in Canadian real estate property. It is also registered under the *Corporations Act* of the Province of Newfoundland and Labrador. The Corporation has its headquarters in Toronto, Ontario. Inter-entity transactions and balances have been eliminated in these consolidated financial statements.

(b) Gains and losses on investments

The cost of sales for all investment dispositions is calculated as the weighted average of their costs.

(c) Investment income

Investment income is allocated to the pension plans under the Fund based on the respective equity position, calculated on a market basis, of each plan after giving effect to a time weighting of receipts and disbursements. The proportionate share of investment income is then attributed to each plan.

Investment income consists of the following:

- (i) Dividend income which is recognized as of the date of record for North American equities and as of the date of receipt for non-North American equities.
- (ii) Bank interest and interest on bonds and debentures, and short-term notes and deposits, which is recognized as it is earned.
- (iii) Real estate income which is recognized on consolidation of Newvest Realty Corporation.
- (iv) Foreign exchange gains or losses.

(d) Current period change in the market value of investments

The current period change in the market value of investments is allocated to the pension plans under the Fund based on the respective equity position, calculated on a market basis, of each plan after giving effect to a time weighting of receipts and disbursements. The proportionate share of current period change in the market value of investments is then attributed to each plan.

**PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

31 December 2003

2. Investments

All investments are stated at their estimated fair market value at the statement date.

- (a) Short-term notes and deposits are valued at book value which approximates market value.
- (b) Bonds and debentures are valued at the last bid price on the valuation date.
- (c) Publicly traded equities are valued at the last board lot trade for a given stock. In instances where the quoted stock has not been traded on valuation date, the price of the last board lot bid price is quoted.
- (d) The Fund holds its real estate investments through its sole ownership interest in Newvest Realty Corporation. Income producing properties acquired by the Corporation during the current year are recorded at cost. These properties are presented at their appraised values in accordance with the Corporation's appraisal policy which requires properties to be appraised at least once every two years by professionally qualified independent appraisers. The external appraisals will be completed in six month cycles on approximately one quarter of the Corporation's portfolio. The properties that are not externally appraised during each six month cycle will be appraised by Penreal Capital Management Limited Partnership. The first appraisal cycle began 30 June 2003. Any increases or decreases in value resulting from the appraisal process are reflected in the Fund's financial statements on consolidation.

3. Real estate investments

The Fund's investment in real estate as at 31 December 2003, which is comprised of real estate investments held by its wholly owned subsidiary, Newvest Realty Corporation, is as follows:

	2003 (000's)	2002 (000's)
Assets		
Income producing properties (net)	\$ 94,294	\$ 36,855
Other assets	2,656	2,005
Total assets	\$ 96,950	\$ 38,860
Liabilities and Equity		
Mortgages payable	\$ 46,194	\$ 11,785
Other liabilities	2,099	1,129
Shareholders' equity	48,657	25,946
Total liabilities and equity	\$ 96,950	\$ 38,860
Income and Expenses		
Property income	\$ 8,935	\$ 1,852
Property operating expenses	(4,171)	(843)
Mortgage interest	(1,875)	(305)
Net property income	2,889	704
Investment and other income	24	10
Other expenses	(314)	(170)
Net income for the year	\$ 2,599	\$ 544

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2003

4. Mortgages payable

Mortgages payable represent financing obtained by Newvest Realty Corporation for the acquisition of income producing properties. For investment information purposes, principal values and appreciated values are shown. The difference between the two amounts, net unrealized appreciation (NUA), represents the estimated premium that would have to be paid to a lender to obtain release from a mortgage prior to maturity or discount that would have to be offered to a purchaser of an income producing property on assumption of a mortgage. Details are as follows:

	2003		2002	
	Principal Value	Appreciated Value	Principal Value	Appreciated Value
	(000's)	(000's)	(000's)	(000's)
(a) Bayview Chateau and White Rock Gardens, White Rock, British Columbia. Mortgage, held by The Manufacturers Life Insurance Company, repayable in monthly installments of \$32,152, including interest calculated at a rate of 6.5% per annum, maturing 1 May 2007, secured by a freehold first mortgage registered against title to the property, a general security agreement, and a first general assignment of rents.	\$ 4,671	\$ 4,919	\$ 4,754	\$ 4,754
(b) 440 Eglinton Avenue East, Toronto, Ontario. Mortgage, held by TD Canada Trust, repayable in monthly installments of \$42,092, including interest calculated at a rate of 5.663% per annum, maturing 1 April 2013.	6,706	6,882	7,031	7,031
(c) 2 Silver Maple Court, Brampton, Ontario. Mortgage, held by The Great West Life Assurance Company, repayable in monthly installments of \$90,207, including interest calculated at a rate of 5.68% per annum, maturing 1 February 2013.	12,691	12,691	-	-
(d) Park and Tilford Shopping Centre, North Vancouver, British Columbia. Mortgage, held by The Great West Life Assurance Company, repayable in monthly installments of \$137,927, including interest calculated at a rate of 5.88% per annum, maturing 1 September 2010.	21,702	21,702	-	-
	\$ 45,770	\$ 46,194	\$ 11,785	\$ 11,785

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2003

4. Mortgages payable (cont.)

Annual principal repayments totalling \$9.8 million (2002 - \$11.8 million) to be made during the next five years are as follows:

	(000's)
2004 - \$1,007	
2005 - \$1,066	
2006 - \$1,129	
2007 - \$5,474	
2008 - \$1,152	
	\$9,828

5. Increase (decrease) in net assets, investments

	Investment income	Gain (Loss) on sale of investments	Current period change in market value of investments	2003 Total	2002 Total
	(000's)	(000's)	(000's)	(000's)	(000's)
Canadian common stock	\$ 28,561	\$ 2,081	\$ 224,790	\$ 255,432	\$ (107,219)
Foreign common stock	14,123	(4,401)	41,261	50,983	(106,705)
Bonds and debentures	28,216	8,402	(294)	36,324	46,451
Short-term notes and deposits	317	-	-	317	1,931
Real estate	2,599	56	(2,137)	518	969
	\$ 73,816	\$ 6,138	\$ 263,620	\$ 343,574	\$ (164,573)

6. Funding policy

In accordance with legislation, the Province's funding requirement is to match employee contributions for current service. A matching of contributions may also occur for certain other types of prior service, which may be purchased under contract (see Note 9).

Also, the Province pays into the Fund amounts required to cover any actual plan deficiencies which may occur. A plan deficiency occurs when pension payments, refunds of contributions and administrative costs exceed a plan's fund balance.

During the 1997-98 fiscal year, Government started to make special payments to the Fund on behalf of the Public Service Pension Plan to address the unfunded liability of that Plan. Government contributed \$30 million in each of 1997-98 and 1998-99. In 1999-2000, 2000-01 and 2001-02 Government contributed \$40 million each year. Government's contribution in 2002-03 was \$45 million and will increase to \$60 million in 2003-04. In accordance with legislation, contributions shall continue at \$60 million yearly for the period of time that the plan remains unfunded as established by Government's actuary on a plan termination basis.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2003

6. Funding policy (cont.)

During the 1998-99 fiscal year, Government started to make special payments to the Fund on behalf of the Teachers' Pension Plan to address the unfunded liability of that Plan. In accordance with legislation, Government shall pay \$815 million to the Plan. Government paid \$166 million towards this in each of 1998-99 and 1999-00. Since then, Government has paid \$76 million each fiscal year and will continue to do so until a total of \$815 million, including interest, has been paid.

On 18 February 2002, Government approved a special \$20 million payment to the Fund in 2001-02, and in each of the next four fiscal years, to partially finance the unfunded pension liability under the Uniformed Services Pension Plan.

On 14 March 2002, Government approved a special \$7.5 million payment to the Fund in 2001-02, and in each of the next four fiscal years, to partially finance the unfunded pension liability under the Members of the House of Assembly Pension Plan.

7. Administrative costs

Administrative costs are direct costs of the Department of Finance, Pensions Division, and are allocated to the various pension plans based upon a combination of expenses directly attributable to a plan, the number of members participating in the various pension plans and a time weighing of receipts and disbursements. Administrative costs are comprised as follows:

	2003 (000's)	2002 (000's)
Investment management, consulting and custodial fees	\$ 5,673	\$ 5,674
Salaries and benefits	1,910	1,892
Computer charges	420	305
Actuarial consulting fees	206	282
Other expenses	209	188
Medical and professional fees	208	144
	<u>\$ 8,626</u>	<u>\$ 8,485</u>

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2003

8. Teachers' Indexing Fund

The total fund balance of the Teachers' Pension Plan is comprised of the regular fund balance and the fund balance of the Teachers' Indexing Fund. In accordance with the most recent Teachers' Collective Agreement, contributions required to fund the indexing benefit introduced as of 1 September 2002 shall be deposited to a separate account. As at 31 December 2003 the increase and decrease in the net assets of the Teachers' Indexing Fund and the closing balance along with the closing balance of the Teachers' Regular Fund are comprised as follows:

	2003 (000's)	2002 (000's)
Teachers' Indexing Fund:		
Increases in net assets		
Contributions	\$ 6,099	\$ 1,987
Investment income (loss)	813	(8)
	<u>6,912</u>	<u>1,979</u>
Decreases in net assets		
Pensions	1	1
Administration expenses	19	1
	<u>20</u>	<u>2</u>
Increase in net assets	6,892	1,977
Teachers' Regular Fund	<u>758,560</u>	<u>679,013</u>
Teachers' Pension Plan combined balance	\$ 765,452	\$ 680,990

9. Obligations for pension benefits

The present value of accrued pension benefits was determined using the projected benefit method prorated on service and the best estimate assumptions of the Trustee of the Province of Newfoundland and Labrador Pooled Pension Fund. Actuarial valuations were performed for each plan as of the valuation dates noted below, by a firm of consulting actuaries. The unfunded liabilities at the most recent valuation date are shown in the following table:

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2003

9. Obligations for pension benefits (cont.)

Plan	Valuation Date	At Valuation Date		
		Actuarial Present Value (000's)	Asset Value (000's)	Unfunded Liability (000's)
Public Service Pension Plan	12/31/2000	\$ 2,884,190	\$ 1,454,250	\$ 1,429,940
Teachers' Pension Plan	08/31/2000	2,454,031	755,413	1,698,618
Uniformed Services Pension Plan	12/31/2000	207,284	-	207,284
Members of the House of Assembly Pension Plan	12/31/2000	51,979	-	51,979
		\$ 5,597,484	\$ 2,209,663	\$ 3,387,821

The actuarial present values for the Public Service Pension Plan, the Teachers' Pension Plan and the Uniformed Services Pension Plan include the effects of future pension benefits accruing to members for periods of prior service that are being purchased under contract. These contracts provide for deferred payment terms, subject to interest, and have not been recognized in the Fund's assets. As at 31 December 2003, the total estimated value of payments to be received on these contracts is \$4.1 million (2002 - \$4.1 million).

10. Related party transactions

The following investments were held by the Fund as at 31 December 2003:

Description	Face Value (000's)	Market Value (000's)
Province of Newfoundland and Labrador Debentures - Maturing from 11/03/2009 to 04/17/2028	\$ 6,144	\$ 6,737
Newfoundland and Labrador Hydro Debentures - Maturing on 02/27/2026	2,115	2,848
Newvest Realty Corporation - 4,840,500 Common Shares	48,405	48,669
	\$ 56,664	\$ 58,254

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2003

11. Portfolio management

In accordance with an agreement dated 1 February 1997, between the Minister of Finance as Trustee of the Province of Newfoundland and Labrador Pooled Pension Fund and the Royal Trust Corporation of Canada, custodial and administrative services for the Fund are performed by the Corporation, as agent for the Trustee.

As at 31 December 2003, the external investment fund counselling group was comprised of the following firms:

Baillie Gifford Overseas Limited
Beutel, Goodman & Company Ltd.
Connor, Clark & Lunn Investment Management Ltd.
Genus Capital Management
Independence Investment Associates Inc.
Mulvihill Capital Management Inc.
Penreal Capital Management Limited Partnership
Phillips, Hager & North Investment Management Ltd.
RT Realty Advisors Inc.
Sprucegrove Investment Management Ltd.
UBS Global Asset Management (Canada) Co.

12. Financial instruments

The Fund's financial instruments recognized in the Statement of Net Assets Available for Benefits consist of investments, which are carried at market value, and receivables, cash, accounts payable and accrued liabilities, refunds payable, due to Province of Newfoundland and Labrador, and mortgages payable, the carrying values of which approximate fair value due to the normal trade credit terms and conditions of those instruments.

13. Provincial Court Judges' Pension Plan

On 13 December 2001, the House of Assembly adopted a resolution to establish a separate pension plan for Provincial Court Judges effective 1 April 2002. All future Provincial Court Judges will be required to join the new Provincial Court Judges' Pension Plan, regardless of whether they had past Government service. Up to 31 March 2002, sitting judges had the option of electing to join the new Provincial Court Judges' Pension Plan or remain in the Public Service Pension Plan. On 7 November 2002, Government approved the drafting of a Bill for introduction into the House of Assembly to officially create the Plan. On 8 June 2004, Bill 24, *An Act to Create a Pension Plan for Provincial Court Judges*, received Royal assent.

14. Income taxes

The Fund is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

PROVINCIAL ADVISORY COUNCIL
ON THE STATUS OF WOMEN -
NEWFOUNDLAND AND LABRADOR

FINANCIAL STATEMENTS

31 MARCH 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Provincial Advisory Council on the Status
of Women - Newfoundland and Labrador
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Provincial Advisory Council on the Status of Women - Newfoundland and Labrador as at 31 March 2004 and the statements of revenues, expenses and equity, and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at 31 March 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read 'John L. Noseworthy'.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
9 July 2004

PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN -
NEWFOUNDLAND AND LABRADOR

BALANCE SHEET

31 March

2004

2003

ASSETS

Current

Cash	\$ 19,507	\$ 22,650
Accounts receivable	47,056	10,502
Prepaid expenses	1,247	6,394
	67,810	39,546

Capital assets (Note 2)

29,283 33,069

\$ 97,093 \$ 72,615

LIABILITIES AND EQUITY

Current

Accounts payable and accrued liabilities	\$ 51,108	\$ 8,808
Long-term debt payable within one year (Note 3)	3,490	3,196
Deferred revenue	10,000	6,608
	64,598	18,612

Long-term debt (Note 3)

25,793 29,873

90,391 48,485

Equity

6,702 24,130

\$ 97,093 \$ 72,615

See accompanying notes

Signed on behalf of the Council:

President

Member

**PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN -
NEWFOUNDLAND AND LABRADOR
STATEMENT OF REVENUES, EXPENSES AND EQUITY
For the Year Ended 31 March**

	2004	2003
REVENUES		
Province of Newfoundland and Labrador operating grant	\$ 298,982	\$ 257,600
Emerging Women's Group Funding	6,608	-
Miscellaneous	3,075	6,254
Gender Lens grant - Status of Women Canada	-	51,280
Outreach grant	-	15,977
Women's Provincial Conference	-	6,064
	308,665	337,175
EXPENSES		
Amortization	3,786	3,844
Capital assets	-	4,198
Council meetings	23,068	30,772
Gender Lens	-	50,068
Interest on long-term debt	1,777	1,718
Operating expenses	64,062	65,023
Outreach	11,266	17,527
Salaries and employee benefits	212,958	152,356
Women's Provincial Conference	9,176	5,054
	326,093	330,560
Excess of (expenses over revenues) revenues over expenses	(17,428)	6,615
Equity, beginning of year	24,130	17,515
Equity, end of year	\$ 6,702	\$ 24,130

See accompanying notes

PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN -
 NEWFOUNDLAND AND LABRADOR
 STATEMENT OF CASH FLOWS
 For the Year Ended 31 March

	2004	2003
Cash flows from operating activities		
Excess of (expenses over revenues) revenues over expenses	\$ (17,428)	\$ 6,615
Adjustment for non-cash items		
Amortization	3,786	3,844
	(13,642)	10,459
Changes in non-cash working capital		
Accounts receivable	(36,554)	(2,526)
Prepaid expenses	5,147	(186)
Accounts payable and accrued liabilities	42,300	5,406
Deferred revenue	3,392	(15,446)
	643	(2,293)
Cash flows from financing activities		
Repayment of long-term debt	(3,786)	(3,845)
Net decrease in cash	(3,143)	(6,138)
Cash, beginning of year	22,650	28,788
Cash, end of year	\$ 19,507	\$ 22,650

See accompanying notes

**PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN -
NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 March 2004**

Authority

The Provincial Advisory Council on the Status of Women - Newfoundland and Labrador (the Council) was established under the *Status of Women Advisory Council Act*. The purpose of the Council is to advise the Minister responsible for the Status of Women, the Government and the public on matters of interest and concern to women. Its affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Council's management in accordance with Canadian generally accepted accounting principles. Outlined below is the significant accounting policy followed.

Capital assets

The capital assets consist of land and building which were capitalized at cost at the time of acquisition. These assets have been financed by debt and are amortized as the debt is repaid. Minor capital asset purchases are charged to operations in the year of acquisition.

2. Capital assets

	<u>2004</u>			<u>2003</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land and building	\$ 121,052	\$ 91,769	\$ 29,283	\$ 33,069

3. Long-term debt

	<u>2004</u>	<u>2003</u>
Royal Trust first mortgage bearing interest at prime plus one percent with a capped rate of 7.5%, repayable in blended bi-weekly instalments of \$214; renewable 1 July 2004, maturing 1 July 2011	\$ 29,283	\$ 33,069
Less: current portion	3,490	3,196
	<u>\$ 25,793</u>	<u>\$ 29,873</u>

The long-term debt is secured by land and building at 131 LeMarchant Road in St. John's.

PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN -
NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 March 2004

3. Long-term debt (cont.)

The annual principal repayments of long-term debt required over the next five years, based on a capped rate of 7.5% are as follows:

2005	\$3,490
2006	\$3,762
2007	\$4,054
2008	\$4,370
2009	\$4,710

4. Lease commitments

In May 2002 the Council entered into a 5 year agreement for the lease of office equipment requiring annual lease payments of \$4,188.

5. Pensions

Council staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Council and remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Council's share of pension contributions for 2004 was \$9,742 (2003 - \$8,525).

6. Economic dependence

As the Council's revenue consists primarily of operating grants from the Province, its ability to continue viable operations is dependent upon the decisions of the Province.

7. Financial instruments

The Council's current financial instruments recognized in the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities, the carrying values of which approximate fair value due to the short-term maturity or current market rate associated with these instruments.

The Council's long-term debt is comprised of a mortgage of \$29,283 at prime plus one percent with a capped rate of 7.5%. There is no rate risk associated with the mortgage and the carrying value of the debt approximates fair value.

8. Income taxes

The Council is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD

FINANCIAL STATEMENTS

31 MARCH 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Chairperson and Members
Provincial Information and Library
Resources Board
Stephenville, Newfoundland and Labrador

I have audited the balance sheet of the Provincial Information and Library Resources Board as at 31 March 2004 and the statements of changes in net assets, revenue and expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at 31 March 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read "John L. Noseworthy".

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
7 June 2004

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
BALANCE SHEET

31 March

2004

2003

ASSETS

Current

Cash	\$ 1,012,211	\$ 1,398,991
Accounts receivable (Note 2)	166,489	125,706
Prepaid expenses (Note 3)	169,677	212,247
	1,348,377	1,736,944
Long-term investments (Note 4)	23,492	-
Capital assets (Note 5)	2,181,462	2,087,400
	\$ 3,553,331	\$ 3,824,344

LIABILITIES AND NET ASSETS

Current

Accounts payable and accrued liabilities (Note 6)	\$ 464,052	\$ 576,920
Deferred revenue (Note 7)	221,133	527,746
Deposits - local libraries (Note 8)	2,171	2,886
	687,356	1,107,552
Severance pay liability	1,061,968	1,057,284
	1,749,324	2,164,836

Net Assets

Unrestricted net assets (deficit)	(377,455)	(427,892)
Net assets invested in capital assets	2,181,462	2,087,400
	1,804,007	1,659,508
	\$ 3,553,331	\$ 3,824,344

See accompanying notes

Signed on behalf of the Board:

Colin Taylor
Chairperson

Shawn O'Neil
Member

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
STATEMENT OF CHANGES IN NET ASSETS

For the Year Ended 31 March

2004

2003

	Invested in Capital Assets	Unrestricted		
Net assets (deficit), beginning of year	\$ 2,087,400	\$ (427,892)	\$ 1,659,508	\$ 2,183,768
Capital grant from Province	-	120,000	120,000	120,000
Less: Deferred capital grant	-	(30,000)	(30,000)	(10,000)
Excess of revenue over expenses (expenses over revenue)	(473,744)	528,243	54,499	(634,260)
Invested in capital assets	567,899	(567,899)	-	-
Proceeds from disposal of capital assets	(93)	93	-	-
Net assets (deficit), end of year	\$ 2,181,462	\$ (377,455)	\$ 1,804,007	\$ 1,659,508

See accompanying notes

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
STATEMENT OF REVENUE AND EXPENSES
For the Year Ended 31 March

STATEMENT OF REVENUE AND EXPENSES	2004	2003	
For the Year Ended 31 March			
	<u>Actual</u>	<u>Budget</u> (Note 9)	<u>Actual</u>
REVENUE			
Operating grant from Province	\$ 8,062,700	\$ 8,062,700	\$ 7,855,800
Other grants -			
Computerization projects	988,390	-	435,026
Literacy projects	95,564	-	113,135
Gates Learning Foundation	-	-	12,892
Interest	70,221	-	67,153
Miscellaneous	60,121	40,000	58,863
Fines and lost library materials	33,733	60,000	33,340
Gain from demutualization	23,492	-	-
Gain on disposal of capital assets	-	-	1,677
	<u>9,334,221</u>	<u>8,162,700</u>	<u>8,577,886</u>
EXPENSES			
Amortization	473,614	-	842,797
Bad debt expense	-	-	158
Books and periodicals	813,058	1,144,707	969,651
Computerization of libraries	573,291	347,500	486,914
Conferences and workshops	4,335	35,800	3,608
Freight and postage	39,760	58,500	51,957
Grants			
Operating-local libraries (Schedule)	384,823	400,000	414,486
Heat and light	6,345	6,500	6,664
Insurance	125,841	133,500	51,105
Literacy projects	71,736	-	112,085
Loss on disposal of capital assets	130	-	-
Miscellaneous	4,177	-	2,445
Office and library supplies	105,782	117,850	119,720
Professional fees	7,411	7,000	6,500
Rental of premises	348,961	348,961	348,961
Repairs and maintenance	17,984	15,900	24,169
Salaries and benefits	6,106,665	5,946,193	5,579,790
Telephone	63,992	72,500	68,399
Travel	131,817	137,838	122,737
	<u>9,279,722</u>	<u>8,772,749</u>	<u>9,212,146</u>
Excess of revenue over expenses (expenses over revenue)	\$ 54,499	\$ (610,049)	\$ (634,260)

See accompanying notes

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
STATEMENT OF CASH FLOWS
For the Year Ended 31 March

2004

2003

Cash flows from operating activities

Excess of revenue over expenses (expenses over revenue)	\$ 54,499	\$ (634,260)
Adjustments for non-cash items		
Amortization	473,614	842,797
Gain on demutualization	(23,492)	-
Loss (gain) on disposal of capital assets	130	(1,677)
	504,751	206,860
Change in non-cash working capital		
Accounts receivable	(40,783)	1,079,337
Prepaid expenses	42,570	(45,916)
Accounts payable and accrued liabilities	(112,868)	51,544
Deferred revenue	(306,613)	(969,754)
Deposits - local libraries	(715)	(11,250)
	86,342	310,821
Increase in severance pay liability	4,684	58,886
	91,026	369,707

Cash flows from investing activities

Additions to capital assets	(567,899)	(324,406)
Proceeds from disposal of capital assets	93	14,775
	(567,806)	(309,631)

Cash flows from financing activities

Capital grant	120,000	120,000
Deferred capital grant	(30,000)	(10,000)
	90,000	110,000
Net increase (decrease) in cash	(386,780)	170,076
Cash, beginning of year	1,398,991	1,228,915
Cash, end of year	\$ 1,012,211	\$ 1,398,991

See accompanying notes

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
 SCHEDULE OF OPERATING GRANTS TO LOCAL LIBRARIES
 For the Year Ended 31 March

2004

2003

Eastern Division

Arnold's Cove	\$ 1,299	\$ 1,465
Bay Roberts	59,661	59,985
Bell Island	1,117	1,289
Bonavista	2,829	4,756
Brigus	4,763	5,590
Burin	784	1,378
Carbonear	26,360	26,527
Catalina	2,756	2,652
Clareville	17,777	14,088
Conception Bay South	6,270	6,983
Fortune	691	701
Fox Harbour	804	1,391
Garnish	1,502	1,362
Grand Bank	7,013	6,390
Harbour Grace	3,409	3,817
Holyrood	5,591	5,864
Marystown	6,630	5,725
Mount Pearl	6,486	12,880
Old Perlican	2,622	2,791
Placentia	15,516	17,810
Pouch Cove	2,285	2,428
St. Brides	5,735	5,164
St. Lawrence	763	863
Southern Harbour	3,351	2,389
Torbay	1,275	1,680
Trepassey	8,307	7,154
Victoria	875	1,537
Whitbourne	5,485	1,593
Winterton	639	702
	<u>202,595</u>	<u>206,954</u>

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
 SCHEDULE OF OPERATING GRANTS TO LOCAL LIBRARIES (Cont.)
 For the Year Ended 31 March

2004

2003

Central Division

Baie Verte	4,000	4,765
Bishop's Falls	1,401	1,487
Botwood	5,249	5,534
Buchans	1,048	1,060
Carmanville	878	900
Centerville	1,006	1,099
Change Islands	747	1,150
Fogo	982	925
Gambo	660	4,101
Gander	17,803	23,826
Gaultois	2,611	2,406
Glenwood	1,550	1,728
Glovertown	772	1,002
Grand Falls-Windsor	3,530	2,692
Greenspond	3,531	3,753
Harbour Breton	1,963	2,528
Hare Bay	891	937
Harry's Harbour	3,411	4,156
Hermitage	1,090	1,136
King's Point	2,913	2,627
LaScie	3,209	9,509
Lewisporte	4,074	4,430
Lumsden	1,681	1,115
Musgrave Harbour	816	990
Norris Arm	1,904	2,341
Point Leamington	1,092	975
Robert's Arm	2,562	4,444
St. Albans	1,498	1,416
Seal Cove	1,025	964
Springdale	1,432	861
Summerford	1,596	1,368
Twillingate	1,066	1,379
Wesleyville	1,749	1,287
	79,740	98,891

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
 SCHEDULE OF OPERATING GRANTS TO LOCAL LIBRARIES (Cont.)
 For the Year Ended 31 March

2004

2003

Western Newfoundland -
 Labrador Division

Bay St. George South	766	917
Burgeo	3,859	683
Cape St. George	477	777
Cartwright	645	638
Churchill Falls	413	647
Codroy Valley	633	826
Cormack	1,074	1,239
Corner Brook	4,779	4,583
Cow Head	4,645	5,049
Daniel's Harbour	1,702	1,146
Deer Lake	14,085	19,763
Happy Valley	771	709
Labrador City	15,313	13,532
L'Anse au Loup	1,943	2,034
Lark Harbour	723	712
Lourdes	537	1,393
Norris Point	458	789
Pasadena	552	3,042
Port au Port	2,759	2,536
Port aux Basques	10,644	11,203
Port Saunders	3,873	3,581
Ramea	855	697
Rocky Harbour	608	2,256
St. Anthony	2,009	1,834
St. Georges	767	897
St. Lunaire-Griquet	635	1,061
Sops Arm	751	584
Stephenville	20,422	19,001
Stephenville Crossing	913	976
Wabush	1,841	1,929
Woody Point	3,036	3,607

102,488

108,641

\$ 384,823

\$ 414,486

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
31 March 2004

Authority

The Provincial Information and Library Resources Board (the Board) operates under the authority of the *Public Libraries Act*. The purpose of the Board is to operate the public libraries in the Province. A majority of the members of the Board are appointed by the Lieutenant-Governor in Council. The Board reports to the Minister of Education.

1. Significant accounting policies

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Reporting entity

The reporting entity for the purpose of these financial statements is the Board's head office and divisional offices. The Board's head office includes Administration, Technical Services and the Provincial Resource Library. These financial statements include expenditures for grants made to local libraries under the jurisdiction of the three divisional library boards detailed in the Schedule to the financial statements. Funds raised by local libraries in excess of the grants provided by the Board or any expenditures in excess of these grants are not reflected in these financial statements.

(b) Capital assets

All capital assets are capitalized at cost at the time of acquisition. Amortization is calculated using the straight line method based on the expected future life of all assets as follows:

Buildings	40 years
Furniture and equipment	10 years
Motor vehicles	5 years
Computer equipment	3 years

(c) Severance pay

The calculation of severance pay is based on years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continuous service, and accordingly no provision has been made in the accounts for employees with less than nine years of continuous service. The amount is payable when the employee ceases employment with the Board. If the employee transfers to another entity included in the public service, then the liability is transferred with the employee to the other entity.

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
 NOTES TO FINANCIAL STATEMENTS
 31 March 2004

2. Accounts receivable

	<u>2004</u>	<u>2003</u>
Federal Government		
Harmonized Sales Tax	\$ 31,889	\$ 72,633
Other	47,790	7,014
Provincial Government	72,332	29,623
Other	14,478	16,594
	166,489	125,864
Less: allowance for doubtful accounts	-	158
	\$ 166,489	\$ 125,706

3. Prepaid expenses

Prepaid expenses of \$169,677 (2003 - \$212,247) include inventory of supplies of \$51,939 (2003 - \$51,103) on hand at the Board's head office and the three divisional library board offices.

4. Long-term investments

Long-term investments consist of 1,678 shares of Sun Life Financial Services of Canada Inc. which were given to the Board as a result of the demutualization of Sun Life Assurance Company of Canada. The carrying value of the shares are recognized at the fair market value of \$23,492, as determined by the share price at the time of the transfer of shares to the Board. The fair market value of these shares was \$59,065 as at 31 March 2004.

5. Capital assets

	<u>2004</u>		<u>2003</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 288,200	\$ -	\$ 288,200	\$ 288,200
Buildings	1,871,494	962,785	908,709	924,065
Furniture and equipment	1,236,896	655,665	581,231	615,872
Motor vehicles	218,799	155,388	63,411	56,575
Computer equipment	2,354,666	2,014,755	339,911	202,688
	\$ 5,970,055	\$ 3,788,593	\$ 2,181,462	\$ 2,087,400

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
31 March 2004

6. Accounts payable and accrued liabilities

	<u>2004</u>	<u>2003</u>
Accounts payable	\$ 32,160	\$ 191,047
Accrued salaries and benefits	431,892	385,873
	<u>\$ 464,052</u>	<u>\$ 576,920</u>

7. Deferred revenue

Deferred revenue represents money received from funding agencies that has not been utilized, and is available for specified expenditures in future years:

	<u>2004</u>	<u>2003</u>
Federal Government	\$ 870	\$ 29,229
Provincial Government	213,401	492,531
Other	6,862	5,986
	<u>\$ 221,133</u>	<u>\$ 527,746</u>

8. Deposits - local libraries

Funds raised by some local libraries have been deposited with the Board to cover the cost of wages for additional opening hours and for the purchase of books, periodicals and computers. The balance on deposit at 31 March 2004 was \$2,171 (2003 - \$2,886).

9. Budget

The 2004 budgeted expenditure exceeded the Province's current year provision for operating grants for the Board. The difference was funded from cash surpluses carried forward from prior years.

10. Lease agreements

The Board has entered into lease agreements for the rental of photocopiers, microfiche readers, postal equipment and various rental properties throughout the Province. Future minimum lease payments for the next five years are as follows:

2005	\$439,397
2006	\$432,491
2007	\$378,735
2008	\$283,919
2009	\$277,972

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
31 March 2004

11. Pensions

Under the *Public Libraries Act*, Board staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Board and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Board's share of pension contributions for 2004 was \$323,218 (2003 - \$271,492).

12. Income taxes

The Board is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

13. Economic dependence

As a result of the Board's reliance on Provincial funding, the Board's ability to continue viable operations is dependent upon decisions of the Province.

14. Financial instruments

The Board's financial instruments recognized in the balance sheet, in addition to the long-term investments described in Note 4, consist of cash, accounts receivable, accounts payable and accrued liabilities, and deposits - local libraries, the carrying values of which approximate fair market value due to the short-term maturity or current market rate associated with these instruments.

Provincial Perinatal Program

Financial Statements

March 31, 2003

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Directors of the Provincial Perinatal Program

We have audited the statement of financial position of the **Provincial Perinatal Program** at March 31, 2003 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Program as at March 31, 2003 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
June 23, 2003

Grant Thornton LLP
Chartered Accountants

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Newfoundland and Labrador
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Provincial Perinatal Program **Statements of Operations and Changes in Net Assets** Year Ended March 31

2003

2002

Revenue

Provincial government	\$ 284,615	\$ 258,800
Provincial Perinatal program	18,173	-
Childbirth Education program		
	<u>302,788</u>	<u>258,800</u>

Expenditure

Salaries and employee benefits	233,088	220,773
Database project	20,000	10,000
Childbirth Education Program	18,173	-
Travel	17,984	17,139
Professional fees	11,893	11,978
Office supplies and books	6,561	8,340
Equipment purchases	2,802	516
Telephone	2,200	2,200
Other	840	2,227
Rent	-	994
	<u>313,541</u>	<u>274,167</u>

Excess of expenditure over revenue before severance	(10,753)	(15,367)
(Decrease) increase in severance pay accrual	<u>(14,763)</u>	<u>12,886</u>
Excess of revenue over expenditures (expenditures over revenue)	<u>\$ 4,010</u>	<u>\$ (28,253)</u>

Net assets,, beginning of year	\$ 212,356	\$ 240,609
Excess of revenue over expenditures (expenditures over revenue)	<u>4,010</u>	<u>(28,253)</u>
Net assets,, end of year	<u>\$ 216,336</u>	<u>\$ 212,356</u>

See accompanying notes to the financial statements.

Provincial Perinatal Program Statement of Financial Position

March 31	2003	2002
Assets		
Current		
Receivable		
Health Care Corporation of St. John's	\$ 277,322	\$ 275,005
Liabilities		
Current		
Payables and accruals	\$ 6,871	\$ 5,219
Accrued vacation pay	6,248	9,867
Deferred revenue – Childbirth Education program	15,037	-
	28,156	15,086
Accrued severance pay	32,800	47,563
	60,956	62,649
Net Assets		
Net assets	216,366	212,356
	\$ 277,322	\$ 275,005

On behalf of the Board

Lorraine Bunnage
Program Director
October 14, 2003

Director

Carol A. Chafe
Chapman, Provincial
Program Advisory
Committee, October 20, 2004.

Director

See accompanying notes to the financial statements.

Provincial Perinatal Program

Notes to the Financial Statements

March 31, 2003

1. Nature of operations

The Provincial Perinatal Program (the Program) is organized to improve the quality of perinatal care in the Province of Newfoundland and Labrador.

The Program works with high-risk perinatal children identified as premature infants or children with specific neonatal concerns. It liaises closely with the Janeway Child Health Centre's Intensive Care Unit, Special Care Nursery, Physiotherapy and Social Work departments. There is also a close relationship with the Women's Health Program of the Health Care Corporation of St. John's (tertiary care centre for obstetrics), obstetrical units of regional health hospitals, public health nurses and family physicians.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are as follows:

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Capital assets

All capital asset additions are charged to operations in the year of acquisition.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Program.

3. Financial instruments

The Program's primary financial instruments recognized in the balance sheet consist of receivables and current liabilities. The carrying value of the primary financial instruments of the Program approximate fair value due to the normal trade credit terms and conditions of those instruments.



Provincial Perinatal Program
Financial Statements
March 31, 2004

Auditors' Report

To the Directors of
Provincial Perinatal Program

We have audited the statement of financial position of the Provincial Perinatal Program as at March 31, 2004 and the statement of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Program as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at March 31, 2003 and for the year then ended were audited by other auditors who issued their report dated June 23, 2003.

Deloitte + Touche LLP

Chartered Accountants
July 12, 2004

Provincial Perinatal Program

Statement of Operations and Changes in Net Assets

Year Ended March 31	2004	2003
Revenue		
Provincial government		
Provincial perinatal program	\$ 286,700	\$ 284,615
Childbirth education program	<u>15,068</u>	<u>18,173</u>
	<u>301,768</u>	<u>302,788</u>
Expenditures		
Salaries and employee benefits	234,779	233,088
Travel	15,862	17,984
Childbirth education program	15,068	18,173
Professional fees	11,625	11,893
Database project	10,250	20,000
Office supplies and books	5,960	6,561
Telephone	2,230	2,200
Purchase services	580	-
Equipment purchases	(337)	2,802
Other	<u>450</u>	<u>840</u>
	<u>296,467</u>	<u>313,541</u>
Excess of revenue over expenditures		
(expenditures over revenue) before severance	5,301	(10,753)
(Decrease) increase in severance pay accrual	<u>2,173</u>	<u>(14,763)</u>
Excess of revenue over expenditures	3,128	4,010
Net assets, beginning of year	<u>216,366</u>	<u>212,356</u>
Net assets, end of year	<u>\$ 219,494</u>	<u>\$ 216,366</u>

See accompanying notes to the financial statements.

Provincial Perinatal Program Statement of Financial Position

March 31

2004

2003

Assets

Current

Receivable

Health Care Corporation of St. John's

\$ 347,150

\$ 277,322

Liabilities

Current

Payables and accruals

\$ 2,936

\$ 6,871

Accrued vacation pay

11,088

6,248

Deferred revenue - Childbirth education program

3,659

15,037

Deferred revenue - Provincial data base

75,000

-

92,683

28,156

Accrued severance pay

34,973

32,800

127,656

60,956

Net Assets

Net assets

219,494

216,366

\$ 347,150

\$ 277,322

On behalf of the Board

Carol A. Chape
Chapman
Provincial Perinatal
Program Advisory
Committee

Director

Lorraine M. Burge
Program Director
Provincial Perinatal Program

Director

See accompanying notes to the financial statements.

Provincial Perinatal Program

Notes to the Financial Statements

March 31, 2004

1. Nature of operations

The Provincial Perinatal Program ("the Program") is organized to improve the quality of perinatal care in the Province of Newfoundland and Labrador.

The Program works with high-risk perinatal children identified as premature infants or children with specific neonatal concerns. It liaises closely with the Janeway Child Health Centre's Intensive Care Unit, Special Care Nursery, Physiotherapy and Social Work departments. There is also a close relationship with the Women's Health Program of the Health Care Corporation of St. John's (tertiary care centre for obstetrics), obstetrical units of regional health hospitals, public health nurses and family physicians.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are as follows:

Revenue recognition

Revenues are recognized as earned and when collection is reasonably assured.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Capital assets

All capital asset additions are charged to operations in the year of acquisition.

Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. Severance is payable when the employee ceases employment with the Program.

Pension costs

Employees of the Provincial Perinatal Program are covered by the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador ("the Government"). Contributions to the plans are required from both the employees and the Program. The annual contributions for pensions are recognized in the accounts on a current basis.

Provincial Perinatal Program Notes to the Financial Statements

March 31, 2004

3. Financial instruments

The carrying value of the Program's financial instruments included in current assets and current liabilities approximates fair value due to the relatively short term to maturity of these instruments.

4. Statement of cash flows

The statement of cash flows has not been prepared because it would not provide any additional useful information in understanding the cash flows during the year.

PUBLIC ACCOUNTANTS LICENSING BOARD
FINANCIAL STATEMENTS
31 DECEMBER 2003



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Chair and Members
Public Accountants Licensing Board
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Public Accountants Licensing Board as at 31 December 2003 and the statement of revenue, expenditure and equity for the year then ended. These financial statements are the responsibility of the Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at 31 December 2003 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
26 March 2004

PUBLIC ACCOUNTANTS LICENSING BOARD
BALANCE SHEET
31 December

2003

2002

ASSETS

Current

Cash	\$ 14,995	\$ 11,605
Temporary investments, at cost	37,062	39,673
Sales tax receivable	950	-
Prepaid expense	413	542
	<u>\$ 53,420</u>	<u>\$ 51,820</u>

LIABILITIES AND EQUITY

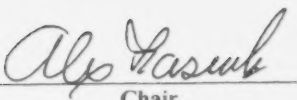
Current

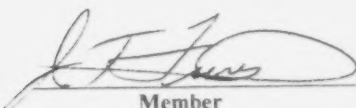
Accounts payable and accrued liabilities	\$ 2,183	\$ 4,133
Deferred revenue	11,000	10,800
	<u>13,183</u>	<u>14,933</u>
Equity	<u>40,237</u>	<u>36,887</u>

	<u>\$ 53,420</u>	<u>\$ 51,820</u>
--	------------------	------------------

See accompanying notes

Signed on behalf of the Board:


Chair


Member

PUBLIC ACCOUNTANTS LICENSING BOARD
STATEMENT OF REVENUE, EXPENDITURE AND EQUITY
For the Year Ended 31 December

	2003	2002
REVENUE		
Licences	\$ 24,200	\$ 23,900
Interest income	551	428
Sales tax rebate (Note 3)	4,482	-
	<u>29,233</u>	<u>24,328</u>
EXPENDITURE		
Advertising	3,934	4,005
Board remuneration	6,690	3,020
Insurance	800	750
Interest and bank charges	179	158
Meeting expense	2,343	1,533
Office supplies	897	949
Professional fees	2,058	920
Secretarial services	3,420	3,237
Travel	5,562	3,411
	<u>25,883</u>	<u>17,983</u>
Excess of revenue over expenditure	3,350	6,345
Equity, beginning of year	36,887	30,542
Equity, end of year	\$ 40,237	\$ 36,887

See accompanying notes

PUBLIC ACCOUNTANTS LICENSING BOARD
NOTES TO FINANCIAL STATEMENTS
31 December 2003

Authority

The Public Accountants Licensing Board (the Board) was established under authority of the *Public Accountancy Act*. The powers of the Board include granting licences to practice as a public accountant under the Act, keeping a roll of persons licensed, and prescribing the educational standards and other qualifications of applicants for a licence.

1. Significant accounting policies

These financial statements have been prepared by the Board in accordance with Canadian generally accepted accounting principles.

2. Financial instruments

The Board's financial instruments recognized in the Balance Sheet consist of cash, temporary investments, sales tax receivable, and accounts payable and accrued liabilities, the carrying values of which approximate fair value due to the normal trade credit terms and conditions of these instruments.

3. Sales tax rebate

During the year, the Board filed with the Canada Revenue Agency to de-register for GST/HST purposes and negotiated a settlement of its outstanding claim for taxes paid. The amount received is recorded as revenue in the current year.

4. Income taxes

The Public Accountants Licensing Board is a Crown entity and as such is not subject to Provincial or Federal income taxes.

REGISTRAR OF THE SUPREME COURT

FINANCIAL STATEMENTS

31 MARCH 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Registrar of the Supreme Court
St. John's, Newfoundland and Labrador

I have audited the statement of fund balances of the Registrar of the Supreme Court as at 31 March 2004 and the statements of changes in fund balance for the Estate/Trust Fund, Supreme Court Fund and Administration Fund for the year then ended. These financial statements have been prepared to meet the information needs of the Registrar of the Supreme Court, the Chief Justice of the Trial Division of the Supreme Court of Newfoundland and Labrador, and the Government of Newfoundland and Labrador under Section 67 of the *Judicature Act*. The financial statements are the responsibility of the Registrar. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Funds of the Registrar of the Supreme Court as at 31 March 2004 and the changes in fund balances for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information of the Registrar of the Supreme Court, the Chief Justice of the Trial Division of the Supreme Court of Newfoundland and Labrador, and the Government of Newfoundland and Labrador to meet their information needs under Section 67 of the *Judicature Act*. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
26 May 2004

REGISTRAR OF THE SUPREME COURT
STATEMENT OF FUND BALANCES
31 March

2004

2003

	Estate/Trust Fund (Note 2)	Supreme Court Fund (Note 3)	Administration Fund (Note 4)		
ASSETS					
Cash	\$ 4,904,028	\$ 3,901,584	\$ 219,118	\$ 9,024,730	\$ 6,897,768
Investments (Note 5)	14,347,280	135,100	-	14,482,380	14,124,016
Irrevocable letter of credit and securities	-	55,511	-	55,511	55,511
Real estate and other assets (Note 1)	1	-	-	1	1
Total assets	\$ 19,251,309	\$ 4,092,195	\$ 219,118	\$ 23,562,622	\$ 21,077,296
Total Fund balances	\$ 19,251,309	\$ 4,092,195	\$ 219,11	\$ 23,562,622	\$ 21,077,296

See accompanying notes

Signed:



Registrar

**REGISTRAR OF THE SUPREME COURT
STATEMENT OF CHANGES IN FUND BALANCE
ESTATE/TRUST FUND**

For the Year Ended 31 March

2004

2003

INCREASES

Estate/trust assets received	\$ 4,783,001	\$ 4,033,019
Investment income	514,719	559,325
Pension, compensation and assistance	1,476,907	1,546,854
Recovery of unclaimed estates previously paid to Administration Fund	2,604	-
Revaluation of shares	2,144	-
Sale of chattels	19,070	6,041
Sale of real estate	1,353,506	467,966
	<u>8,151,951</u>	<u>6,613,205</u>

DECREASES

Commissions charged and paid to Administration Fund	288,040	291,110
Estate/trust disbursements	3,233,216	2,903,383
Estates/trusts completed	2,818,363	2,727,565
Excess interest paid to Administration Fund	15,300	15,820
Harmonized sales tax paid to Administration Fund	42,681	43,200
Revaluation of shares	-	1,726
Unclaimed estates paid to Administration Fund	1,133	99,929
	<u>6,398,733</u>	<u>6,082,733</u>

Net increase	1,753,218	530,472
Fund balance, beginning of year	17,498,091	16,967,619
Fund balance, end of year	\$ 19,251,309	\$ 17,498,091

See accompanying notes

REGISTRAR OF THE SUPREME COURT
STATEMENT OF CHANGES IN FUND BALANCE
SUPREME COURT FUND
For the Year Ended 31 March

	2004	2003
INCREASES		
Court actions (Payments into Court)	\$ 2,571,437	\$ 1,727,619
Divorce fees	6,510	6,825
Fees	1,052,358	956,658
Fines and bail	5,300	10,055
Investment income	106,422	95,244
Judgment recovery	-	600
Law society fees	14,982	16,398
	<u>3,757,009</u>	<u>2,813,399</u>
DECREASES		
Commissions charged and paid to Administration Fund	2,515	6,706
Court actions (Payments out of Court)	1,963,777	3,301,815
Divorce fees	6,550	6,840
Excess interest paid to Administration Fund	8,000	12,500
Fees paid to Consolidated Revenue Fund	1,060,686	940,661
Fines and bail	9,865	113,965
Judgment recovery	1,200	-
Law society fees	16,281	15,144
	<u>3,068,874</u>	<u>4,397,631</u>
Net increase (decrease)	688,135	(1,584,232)
Fund balance, beginning of year	3,404,060	4,988,292
Fund balance, end of year	\$ 4,092,195	\$ 3,404,060

See accompanying notes

REGISTRAR OF THE SUPREME COURT
STATEMENT OF CHANGES IN FUND BALANCE
ADMINISTRATION FUND
For the Year Ended 31 March

	2004	2003
INCREASES		
Commissions received from other Funds	\$ 290,555	\$ 297,816
Excess interest earned on other Funds	23,300	28,320
Harmonized sales tax received from Estate/Trust Fund	42,681	43,200
Harmonized sales tax refunded from Federal Government	2,275	-
Refunds to Special Reserve Fund	35,878	5,177
Unclaimed and undistributable amounts received from other Funds	1,133	99,929
	<u>395,822</u>	<u>474,442</u>
DECREASES		
Commissions paid to Consolidated Revenue Fund	292,160	296,767
Harmonized sales tax remitted to Federal Government	42,901	43,085
Office administration expenses paid from Special Reserve Fund	558	558
Professional fees	15,097	43,149
Unclaimed and undistributable amounts paid to Consolidated Revenue Fund	1,133	99,929
	<u>351,849</u>	<u>483,488</u>
Net increase (decrease)	43,973	(9,046)
Fund balance, beginning of year	175,145	184,191
Fund balance, end of year	\$ 219,118	\$ 175,145

See accompanying notes

REGISTRAR OF THE SUPREME COURT NOTES TO FINANCIAL STATEMENTS

31 March 2004

Authority

The Registrar of the Supreme Court (the Registrar) operates under the authority of the *Judicature Act*.

The Registrar administers estates of deceased persons when appointed personal representative by the Supreme Court of Newfoundland and Labrador and administers trusts of minors and mentally disabled persons when appointed guardian by the Court or by virtue of Section 20 of the *Mentally Disabled Persons' Estates Act*. The Registrar also has custody of monies paid to the Court in pending actions, as well as monies paid to the Court or to the Registrar under various statutes.

1. **Basis of accounting**

These financial statements have been prepared by the Registrar in accordance with the significant accounting policies set out below to meet the information needs of the Registrar, the Chief Justice of the Trial Division of the Supreme Court of Newfoundland and Labrador, and the Government of Newfoundland and Labrador under Section 67 of the *Judicature Act*. The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because all receipts and disbursements are being recognized on a cash basis and not all expenditures related to the operations of the Registrar are reflected in these statements.

Significant accounting policies

These financial statements are prepared on the cash basis of accounting. Outlined below are the significant accounting policies followed.

(a) Administrative expenditures

The Office of the Registrar, for administrative purposes, operates as a division of the Department of Justice. Therefore, expenditures related to salaries, accommodations and administration are absorbed by the Department of Justice and no provision has been made in these financial statements for the cost of these items. However, office administration expenditures paid from the Registrar's Special Reserve Fund under Section 72(2) of the *Judicature Act* are recorded in these financial statements in the amount of \$558 for the 2003-04 year (2002-03 \$558).

(b) Investments

Investments consist of Bank and Trust Company Guaranteed Investment Certificates, Canada Savings Bonds, mortgages, pre-arranged funerals, promissory notes, Registered Retirement Savings Plans/Income Funds and shares owned by estates at the dates of appointment of the Registrar. Such investments are recorded at face or market value, except for mortgages and promissory notes which are recorded at face value net of principal payments received.

REGISTRAR OF THE SUPREME COURT
NOTES TO FINANCIAL STATEMENTS
31 March 2004

1. Basis of accounting (cont.)

Significant accounting policies (cont.)

(c) Real estate and other assets

Real estate and other assets are recorded in these financial statements at an aggregate nominal value of \$1 as valuation of these assets is not readily determinable. These assets are recorded in the client accounts at estimated market value for administrative purposes.

(d) Capital assets

Capital assets are charged to expenditure in the year of acquisition.

2. Estate/Trust Fund

The Registrar, in certain cases, is appointed by the Court as personal representative of the estates of deceased persons or as guardian of the trusts of minors and mentally disabled persons. The trust accounts of the Registrar include monies and other assets held on behalf of such estates/trusts.

3. Supreme Court Fund

Supreme Court funds consist mainly of monies received by the Registrar under, inter alia, the following Acts, and Rules and Regulations thereunder:

- (a) *Automobile Insurance Act*
- (b) *Direct Sellers Act*
- (c) *Elections Act, 1991*
- (d) *Expropriation Act*
- (e) *Judicature Act*
- (f) *Leaseholds in St. John's Act*
- (g) *Life Insurance Act*
- (h) *Municipalities Act*
- (i) *Public Utilities Acquisition of Lands Act*
- (j) *Real Estate Trading Act*
- (k) *Residential Tenancies Act (2000)*
- (l) *Unified Family Court Act*

4. Administration Fund

The Administration Fund was established to record monies collected pursuant to the Rules of the Supreme Court of Newfoundland and Labrador. It is comprised primarily of a Special Reserve Fund consisting of interest earned in the Estate/Trust Fund and Supreme Court Fund in excess of that allocated to clients in accordance with Section 72(1) of the *Judicature Act*. Other monies in the Administration Fund include commissions and unclaimed and undistributable assets to be paid over to

REGISTRAR OF THE SUPREME COURT
NOTES TO FINANCIAL STATEMENTS
31 March 2004

4. Administration Fund (cont.)

the Consolidated Revenue Fund, and Harmonized Sales Tax collected on commissions to be paid over to the Federal Government.

The allocation between these categories is as follows:

	<u>2004</u>	<u>2003</u>
Special Reserve Fund	\$ 219,118	\$ 173,341
Other	-	1,804
	<u>\$ 219,118</u>	<u>\$ 175,145</u>

5. Investments

	<u>2004</u>	<u>2003</u>
Total investments held for all Funds is comprised of the following:		
Guaranteed Investment Certificates and Canada Savings Bonds	\$ 13,579,073	\$ 13,559,755
Mortgages	5,000	5,000
Pre-arranged funerals	189,031	200,225
Promissory notes	28,806	35,428
Registered Retirement Savings Plans/Income Funds	640,259	202,414
Shares	40,211	121,194
	<u>\$ 14,482,380</u>	<u>\$ 14,124,016</u>

6. Related party transactions

Commissions earned, service fees, and interest earned above that allocated to trust accounts, are paid into the Province's Consolidated Revenue Fund.

7. Income Tax

The Registrar of the Supreme Court of Newfoundland and Labrador is a division of the Department of Justice and as such is not subject to Provincial or Federal income taxes.

SPECIAL CELEBRATIONS CORPORATION
OF NEWFOUNDLAND AND LABRADOR, INC.

FINANCIAL STATEMENTS

31 MARCH 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland

AUDITOR'S REPORT

To the Board of Directors
Special Celebrations Corporation
of Newfoundland and Labrador, Inc.
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Special Celebrations Corporation of Newfoundland and Labrador, Inc. as at 31 March 2004 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read "John L. Noseworthy".

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
15 June 2004

**SPECIAL CELEBRATIONS CORPORATION
OF NEWFOUNDLAND AND LABRADOR, INC.**

BALANCE SHEET

31 March 2004 2003

ASSETS

Current

Cash	\$ 201,163	\$ 197,179
Accounts receivable (Note 2)	377	152,689

201,540	349,868
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Capital assets (Note 3)	745	7,155
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\$ 202,285	\$ 357,023
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LIABILITIES AND SHAREHOLDER'S EQUITY

Current

Accounts payable and accrued liabilities	\$ 10,996	\$ 106,988
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Shareholder's equity

Share capital

Authorized and issued 500 common shares of no par value	1	1
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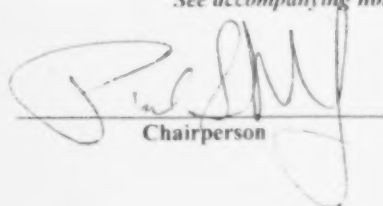
Surplus	191,288	250,034
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191,289	250,035
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\$ 202,285	\$ 357,023
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See accompanying notes

Signed on behalf of the Board:


Chairperson


Vice-Chairperson

**SPECIAL CELEBRATIONS CORPORATION
OF NEWFOUNDLAND AND LABRADOR, INC.
STATEMENT OF REVENUES, EXPENSES AND SURPLUS
For the Year Ended 31 March**

	2004	2003
REVENUES		
Bank interest	\$ 5,792	\$ 19,241
Government of Canada	-	986,006
Other revenue	-	6,231
Sponsorship	-	5,000
Merchandising	-	1,900
	5,792	1,018,378
EXPENSES		
Access North - Community and Regional Initiatives	-	269,367
Access North - Destination Labrador Program	-	271,329
Access North - Nisbet Harbour Archeology Site	-	4,268
Access North - Photograph Exhibit	-	133,421
Access North - Snow Safari Program	9,492	57,530
Access North - Symposium	-	35,109
Administration	5,584	195,543
Affiliated events	-	462,327
Amortization	6,410	6,547
Bad debt expense	4,529	-
Promotional material	-	20,821
Public relations and communications	-	37,096
Staffing	38,523	727,452
	64,538	2,220,810
Excess of expenses over revenues	(58,746)	(1,202,432)
Surplus, beginning of year	250,034	1,452,466
Surplus, end of year	\$ 191,288	\$ 250,034

See accompanying notes

**SPECIAL CELEBRATIONS CORPORATION
OF NEWFOUNDLAND AND LABRADOR, INC.**
STATEMENT OF CASH FLOWS
For the Year Ended 31 March

	2004	2003
Cash flows from operating activities		
Excess of expenses over revenues	\$ (58,746)	\$ (1,202,432)
Adjustment for non-cash items		
Amortization	6,410	6,547
	(52,336)	(1,195,885)
Changes in non-cash working capital	56,320	(44,944)
	3,984	(1,240,829)
Cash flows from investing activities		
Additions to capital assets	-	(9,647)
Net increase (decrease) in cash	3,984	(1,250,476)
Cash, beginning of year	197,179	1,447,655
Cash, end of year	\$ 201,163	\$ 197,179

See accompanying notes

**SPECIAL CELEBRATIONS CORPORATION
OF NEWFOUNDLAND AND LABRADOR, INC.**
NOTES TO FINANCIAL STATEMENTS
31 March 2004

Authority

The Special Celebrations Corporation of Newfoundland and Labrador, Inc. (the Corporation) was incorporated under the *Corporations Act* on 27 August 1998. All shares of the Corporation are held by the Minister of Tourism, Culture and Recreation on behalf of the Province. The purpose of the Corporation was to plan, organize, manage and supervise tourism special events for the Government of Newfoundland and Labrador. Its affairs are governed by a Board of Directors appointed by the Minister of Tourism, Culture and Recreation.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below is the significant accounting policy followed.

Capital assets

All capital assets to which the Corporation has title are recorded at cost at the time of acquisition. Grants towards the acquisition of capital assets are deducted from the related capital asset cost with any amortization calculated on the net amount. Amortization is calculated on a straight line basis as follows:

Computer equipment - 2 years
Furniture - 5 years

2. Accounts receivable

	<u>2004</u>	<u>2003</u>
Government of Canada	\$ -	\$ 141,745
Harmonized sales tax	75	5,977
Other	4,529	4,529
Bank interest	302	438
	4,906	152,689
Less: Allowance for doubtful accounts	(4,529)	-
	\$ 377	\$ 152,689

**SPECIAL CELEBRATIONS CORPORATION
OF NEWFOUNDLAND AND LABRADOR, INC.**
NOTES TO FINANCIAL STATEMENTS
31 March 2004

3. Capital assets

			2004		2003
	<u>Cost</u>	<u>Capital Grants</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 69,309	\$ 31,837	\$ 36,727	\$ 745	\$ 7,155
Furniture	9,778	9,778	-	-	-
	<u>\$ 79,087</u>	<u>\$ 41,615</u>	<u>\$ 36,727</u>	<u>\$ 745</u>	<u>\$ 7,155</u>

4. Related party transactions

The Province has provided certain office equipment and furnishings at no cost to the Corporation. These assets are not reflected in these financial statements.

5. Economic dependence

As a result of the Corporation's reliance on Provincial funding, the Corporation's ability to continue viable operations is dependent upon the decisions of the Province.

6. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

7. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities, the carrying values of which approximate fair value due to the normal trade credit terms and conditions of these instruments.

8. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Financial Statements of

**ST. JOHN'S NURSING HOME BOARD
(Regional Services and
the Hoyles-Escasoni Complex)**

March 31, 2004

Deloitte

Deloitte & Touche LLP
10 Factory Lane
Fort William Building
St. John's NL A1C 6H5
Canada

Tel: (709) 576-8480
Fax: (709) 576-8460
www.deloitte.ca

Auditors' Report

To the Members of the Board of Directors of
St. John's Nursing Home Board

We have audited the balance sheet of the St. John's Nursing Home Board (Regional Services and the Hoyles-Escasoni Complex) as at March 31, 2004, and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2004, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
June 30, 2004

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)

Statement of Operations

Year Ended March 31, 2004

	<u>2004</u>	<u>2003</u>
	\$	\$
REVENUE		
Provincial plan	60,484,861	60,121,214
Less: amounts paid to nursing homes	29,941,412	30,426,155
	30,543,449	29,695,059
Residents	4,209,707	4,081,232
Other	789,494	704,376
	35,542,650	34,480,667
EXPENDITURES		
Nursing/inpatient services	18,227,555	18,581,573
Support services	9,517,054	8,403,257
Administration	4,854,524	4,350,132
Diagnostic and therapeutic services	2,058,360	1,826,348
Other	218,223	-
Education	103,641	46,668
Interest, municipal taxes and insurance	160,208	166,185
	35,139,565	33,374,163
SURPLUS ON OPERATIONS	403,085	1,106,504
BOARD FUND OPERATIONS	(188,402)	(9,565)
SURPLUS BEFORE NON-SHAREABLE ITEMS	214,683	1,096,939
ADJUSTMENT FOR NON-SHAREABLE ITEMS:		
Amortization of deferred capital contributions	317,275	340,169
Amortization of capital assets	(1,148,682)	(1,267,816)
Accrued vacation	(161,377)	(290,835)
Accrued severance	(88,059)	(500,303)
EXCESS OF EXPENDITURES OVER REVENUE	(866,160)	(621,846)

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Statement of Changes in Fund Balances
Year Ended March 31, 2004

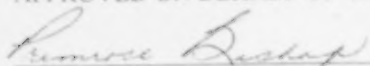
	2004			2003
	Operating Fund	Net Investment in Capital Assets	Board Equity	Total
	\$	\$	\$	\$
BALANCE, BEGINNING OF YEAR	(9,960,046)	12,961,758	346,015	3,347,727
Excess of revenue over expenditures (expenditures over revenue)	153,649	(831,407)	(188,402)	(866,160)
Transfer of opening accumulated operating deficit (Note 11)	-	-	-	(3,808,972)
Repayment of lease principal	(271,026)	271,026	-	-
BALANCE, END OF YEAR	(10,077,423)	12,401,377	157,613	2,481,567
				3,347,727

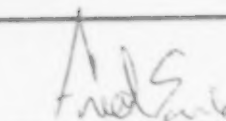
ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Balance Sheet

March 31, 2004

	<u>2004</u>	<u>2003</u>
	\$	\$
ASSETS		
CURRENT		
Cash	-	1,116,075
Accounts receivable (Note 3)	1,201,615	886,922
Inventory	302,402	242,636
Prepaid expenses	46,577	31,403
	<u>1,550,594</u>	<u>2,277,036</u>
DEFERRED CHARGES (Note 12)	705,114	808,556
RESIDENTS' TRUST FUNDS	595,998	588,050
CAPITAL ASSETS (Note 4)	16,885,031	17,309,582
	<u>19,736,737</u>	<u>20,983,224</u>
LIABILITIES AND FUND BALANCES		
CURRENT		
Bank indebtedness and short term loan (Note 5)	1,258,537	-
Accounts payable and accrued liabilities	2,170,923	3,824,304
Accrued vacation pay	1,664,567	1,503,190
Due to affiliated entities (Note 6)	976,595	882,735
Deferred operating grants	410,600	73,753
Deferred capital grants	1,005,589	1,814,993
Current portion of obligations under capital lease (Note 7)	298,183	258,822
	<u>7,784,994</u>	<u>8,357,797</u>
OBLIGATIONS UNDER CAPITAL LEASE (Note 7)	667,201	977,588
RESIDENTS' TRUST FUNDS	595,998	588,050
ACCRUED SEVERANCE PAY	4,688,707	4,600,648
DEFERRED CAPITAL CONTRIBUTIONS (Note 8)	3,518,270	3,111,414
	<u>17,255,170</u>	<u>17,635,497</u>
COMMITMENT (Note 11)		
FUND BALANCES		
Operating fund	(10,077,423)	(9,960,046)
Net investment in capital assets (Note 9)	12,401,377	12,961,758
Board equity	157,613	346,015
	<u>2,481,567</u>	<u>3,347,727</u>
	<u>19,736,737</u>	<u>20,983,224</u>

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Statement of Cash Flows
Year Ended March 31, 2004

	<u>2004</u>	<u>2003</u>
	\$	\$
OPERATING ACTIVITIES		
Excess of expenditures over revenue	(866,160)	(621,846)
Adjustments for:		
Amortization of capital assets	1,148,682	1,267,816
Amortization of deferred capital contributions	(317,275)	(340,169)
Increase in severance pay accrual	88,059	500,303
Transfer of opening accumulated operating deficit	-	(3,808,972)
Changes in non-cash working capital (Note 10)	(2,260,334)	4,446,875
	<u>(2,207,028)</u>	<u>1,444,007</u>
INVESTING ACTIVITIES		
Decrease in deferred charges	103,442	153,185
Building improvements and equipment purchases	(724,131)	(245,409)
	<u>(620,689)</u>	<u>(92,224)</u>
FINANCING ACTIVITIES		
Repayment of obligations under capital lease	(271,026)	(268,417)
Deferred building and equipment grants	724,131	245,409
	<u>453,105</u>	<u>(23,008)</u>
NET INCREASE (DECREASE) IN CASH RESOURCES	(2,374,612)	1,328,775
CASH (BANK INDEBTEDNESS), BEGINNING OF YEAR	1,116,075	(212,700)
CASH (BANK INDEBTEDNESS), END OF YEAR	(1,258,537)	1,116,075
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	81,596	92,946

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Notes to the Financial Statements
March 31, 2004

1. DESCRIPTION OF BUSINESS

The St. John's Nursing Home Board is a partnership of not-for-profit organizations that operates six homes in the St. John's region. It was constituted under the Hospital's Act by the Province of Newfoundland and Labrador and given the mandate to operate the Hoyles-Escasoni Complex, arrange agreements with nursing home owner/operators and assume responsibility for the St. John's Nursing Home budget with a goal of promoting quality care for the aged and young disabled.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

Basis of presentation

As at March 31, 2004, management and operations of all nursing homes had not been assumed by this Board. These financial statements reflect the operations of the St. John's Nursing Home Board regional services and those of the Hoyles-Escasoni Complex. These financial statements do not reflect the operations of the remaining homes, all of which have issued financial statements on an individual basis.

Fund accounting

The Board employs fund accounting, classifying financial statement items in either the operating fund, net investment in capital assets or Board equity.

The operating fund includes the operating assets and liabilities of the Board. Income consists of revenue from providing accommodation and health care services (including grants and subsidies). Additionally, it receives funds from the Department of Health and Community Services of the Government of Newfoundland and Labrador (the "Department") in the form of capital grants together with contributions from other sources restricted for capital purposes. Expenses of this fund consist of those incurred to provide accommodation and health care services.

The net investment in capital assets represents assets purchased for the use of the operating fund.

Board equity fund contains assets held for special purposes which may be used at the discretion of the Board and to fund expenditures incurred for the benefit of the residents. Revenue consists primarily of bequests, donations and interest income. Expenses charged to these funds consist of items that are not funded by the Department.

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Notes to the Financial Statements
March 31, 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

The Board follows the deferral method of accounting for contributions whereby externally restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenditure is incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions related to depreciable capital assets are recorded as deferred capital contributions and amortized to income on the same basis as the related capital assets are being amortized.

The Board is reimbursed by the Department for the total of its operating costs after deductions of specific revenue and expenditures. The final amount to be received by the Board for the 2004 fiscal year will not be determined until the Department has completed its review of the Board's financial statements. Adjustments resulting from the Department's reviews and final position statements will be considered by the Board and reflected in the year of assessment.

Capital assets

Original capital assets transferred to the Board:

On October 1, 1987, the land, buildings and furniture and equipment of the Regional Services and the Hoyles-Escasoni Complex became the responsibility of the Board of Directors of the Hoyles-Escasoni Complex. On April 1, 1997 the capital assets became the responsibility of the Board of Trustees of the St. John's Nursing Home Board. The property transferred at this date, however, remains under the legal ownership of the Province of Newfoundland and Labrador. The financial statements have been prepared to reflect all assets under the responsibility of the Board. Accordingly, the amounts reported for land, buildings and furniture and equipment include an estimate by management of the market value of those assets transferred on October 1, 1987.

The valuation of the capital assets at October 1, 1987 was as follows:

	\$
Land	650,000
Buildings	16,100,000
Furniture and equipment	3,900,000
	20,650,000

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Notes to the Financial Statements
March 31, 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets (Continued)

Capital assets acquired after October 1, 1987:

Additions subsequent to October 1, 1987, for buildings, furniture and equipment are recorded at cost.

Amortization of capital assets

Amortization is calculated at the following rates based on the following estimated life expectancies:

	<u>Basis</u>	<u>Rate</u>
Buildings	Straight line	2.50%
Furniture and Equipment - Complex	Straight line	6.67%
Furniture and Equipment - Regional	Straight line	20%
Computer Equipment - Complex	Straight line	20%
Vehicles	Straight line	20%
Assets under capital lease - hardware	Straight line	25%
- software	Straight line	14.3%

Inventory

Inventory is recorded at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

Vacation pay

Vacation pay is accrued for all employees as entitlement to these payments is earned.

Severance pay

Severance pay is accrued for all employees for which the right to such compensation is vested. As the Province of Newfoundland and Labrador funds the Board on a cash basis, this item is disclosed as non-shareable.

No provision for the ultimate severance pay liability is made in the accounts for any employee who has less than nine years of service.

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Notes to the Financial Statements
March 31, 2004

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension and other post employment benefits

Employees of the Board are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador. The Government also provides for the continuation of certain dental and medical benefits for retirees. Contributions to the plans are required from both the employees and the Board. The annual contributions for pensions and other post employment benefits are recognized as an expense in the accounts on a current basis.

Deferred charges

Deferred charges include costs incurred relating to an energy performance contract as disclosed in Note 12. The deferred charges are being amortized over the 9.75 year life of the energy performance contract.

Use of accounting estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting periods. Actual results could differ from those estimates.

3. ACCOUNTS RECEIVABLE

	<u>2004</u>	<u>2003</u>
	\$	\$
Province of Newfoundland and Labrador - operating grant	546,831	186,910
Province of Newfoundland and Labrador - capital grant	-	30,000
Residents, insurers and other	567,229	413,904
Hoyles-Escasoni Foundation Inc.	-	10,495
HST rebate from federal government	87,555	245,613
	<u>1,201,615</u>	<u>886,922</u>

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Notes to the Financial Statements
March 31, 2004

4. CAPITAL ASSETS

	2004		2003	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Land	650,000	-	650,000	650,000
Buildings	22,871,590	8,364,177	14,507,413	14,460,332
Furniture and equipment	6,864,167	6,039,822	824,345	978,977
Computer equipment	552,019	433,937	118,082	129,477
Vehicles	259,558	171,925	87,633	124,149
	31,197,334	15,009,861	16,187,473	16,342,935
Assets acquired under capital lease	1,504,827	807,269	697,558	966,647
	32,702,161	15,817,130	16,885,031	17,309,582

5. BANK INDEBTEDNESS

The Board has an authorized line of credit of \$6,000,000 of which \$1,258,537 was used at year end. This line of credit bears interest at the bank's prime lending rate less 0.625% and is unsecured. At May 1, 2004, the authorized limit of this line of credit was reduced to \$1,000,000.

6. DUE FROM (TO) AFFILIATED ENTITIES

	<u>2004</u>	<u>2003</u>
	\$	\$
Saint Luke's Home	(129,893)	(92,672)
Masonic Park-Nursing Home	(40,004)	71,115
The Salvation Army Glenbrook Lodge	(218,632)	(152,017)
St. Patrick's Mercy Home	(425,348)	(446,789)
The Agnes Pratt Home	(162,718)	(262,372)
	(976,595)	(882,735)

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Notes to the Financial Statements
March 31, 2004

7. OBLIGATIONS UNDER CAPITAL LEASE

Future minimum payments under capital leases, together with the balance of the obligation due under capital leases are as follows for the year ending in:

	\$
2005	354,188
2006	354,188
2007	354,188
Total minimum lease payments	1,062,564
Less: amount representing interest	97,180
	965,384
Less: current portion	298,183
Balance of the obligation	667,201

Interest has been imputed at 6.84%.

8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized portion of restricted contributions relating to capital assets which will be reported in revenue in future accounting periods. Deferred capital contributions are amortized on a basis and at a rate consistent with the amortization rate for the related asset purchased.

The changes in deferred capital contribution balance for the year are as follows:

	<u>2004</u>	<u>2003</u>
	\$	\$
Balance, beginning of the year	3,111,414	3,206,174
Contributions	724,131	245,409
Amortization for the year	(317,275)	(340,169)
Balance, end of the year	3,518,270	3,111,414

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Notes to the Financial Statements
March 31, 2004

9. NET INVESTMENT IN CAPITAL ASSETS

	<u>2004</u>	<u>2003</u>
	\$	\$
Capital assets, net	16,885,031	17,309,582
Current portion of obligations under capital lease	(298,183)	(258,822)
Obligations under capital lease	(667,201)	(977,588)
Deferred capital contributions	(3,518,270)	(3,111,414)
Net investment in capital assets	<u>12,401,377</u>	<u>12,961,758</u>

The excess of expenditures over revenue reported in the statement of changes in fund balances for net investment in capital assets includes the following:

	<u>2004</u>	<u>2003</u>
	\$	\$
Amortization of deferred capital contributions	317,275	340,169
Amortization of capital assets	(1,148,682)	(1,267,816)
	<u>(831,407)</u>	<u>(927,647)</u>

10. CHANGES IN NON-CASH WORKING CAPITAL

	<u>2004</u>	<u>2003</u>
	\$	\$
Due from affiliated entities	-	2,939,475
Accounts receivable	(314,693)	653,286
Inventory	(59,766)	(47,998)
Prepaid expenses	(15,174)	55,927
Accounts payable and accrued liabilities	(1,653,381)	234,543
Due to affiliated entities	93,860	882,735
Deferred operating grants	336,847	-
Deferred capital grants	(809,404)	(561,928)
Accrued vacation pay	161,377	290,835
	<u>(2,260,334)</u>	<u>4,446,875</u>

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Notes to the Financial Statements
March 31, 2004

11. COMMITMENT TO FUND ACCUMULATED OPERATING DEFICIT

The St. John's Nursing Home Board has committed to funding any accumulated operating deficit that arises within the six nursing homes as funding becomes available from the Department of Health and Community Services. For the year ended March 31, 2004, the accumulated deficit of the homes, including the Hoyles-Escasoni Complex, totals \$4,271,650 as disclosed in Schedule 4.

12. CONTRACTUAL AGREEMENTS

The Board entered into an Energy Performance Contract on August 11, 1998 with the Enerplan/Rose Group for the design, implementation and monitoring of energy efficiency improvements. The cost of the contract is \$5,605,094. Lump sum amounts aggregating \$1,008,555 have been paid and recorded as deferred charges with the remaining balance of \$4,596,439 being financed by the Enerplan/Rose Group through CitiCapital Technology Finance Limited. The deferred charge amount is being amortized at \$103,442 annually for 9.75 years while the payments to the Enerplan/Rose Group are \$56,833 per month over a period of 9.75 years.

The Enerplan/Rose Group has assigned its payments under the contract to CitiCapital Technology Finance Limited. As at March 31, 2004, the outstanding balance of the financing through the Enerplan/Rose Group was \$3,716,441. The Board's obligation for payment is limited to actual cost savings as the Enerplan/Rose Group has guaranteed the reduction in operating costs would equal or exceed the costs incurred under the contract.

Funding for the contract is from operating savings and has been approved in this manner by the Province of Newfoundland and Labrador. As a result, the monthly payments and the amortization of the deferred charges relating to lump sum amounts under the contract are being reported in the Board's operating statements as a normal operating cost.

13. FINANCIAL INSTRUMENTS

The carrying values of the financial instruments included in current assets and current liabilities approximate fair value due to the short term to maturity of these financial instruments. The carrying value of capital lease obligations approximates fair value based upon current borrowing rates available to the Board.

14. COMMITMENTS

A number of claims have been filed against the Board. No provision has been recorded in the accounts for these claims as the Board does not expect to incur any significant liability, and an estimate of loss, if any, is not determinable at this time.

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Schedule of Expenditures for Government Reporting
 Year Ended March 31, 2004

	2004			2003
	Regional	Hoyles-Escasoni	Total	Total
	\$	\$	\$	\$
ADMINISTRATION				
Executive offices	908,848	174,970	1,083,818	1,073,337
Finance	977,698	-	977,698	858,767
Human resources	1,106,498	-	1,106,498	1,089,233
Information systems	582,397	-	582,397	580,319
Materials management	378,847	-	378,847	330,145
Telecommunications	19,045	113,776	132,821	95,327
Planning and development	364,043	-	364,043	131,663
Quality initiatives	100,582	-	100,582	97,833
Volunteer services	64,455	-	64,455	57,663
Public relations	63,365	-	63,365	35,845
	4,565,778	288,746	4,854,524	4,350,132
SUPPORT SERVICES				
Food services	-	3,867,357	3,867,357	3,921,523
Housekeeping	-	1,799,807	1,799,807	1,648,066
Plant operations	837,926	637,045	1,474,971	1,504,583
Laundry	996,607	441,270	1,437,877	500,648
Plant maintenance	188,083	638,326	826,409	747,338
Resident transportation	-	73,184	73,184	48,403
Security	-	37,449	37,449	32,696
	2,022,616	7,494,438	9,517,054	8,403,257
NURSING/INPATIENT SERVICES				
Nursing services	583,370	16,857,412	17,440,782	17,877,600
Nursing administration	-	733,668	733,668	651,438
Medical administration	53,105	-	53,105	52,535
	636,475	17,591,080	18,227,555	18,581,573
DIAGNOSTIC AND THERAPEUTIC SERVICES				
Recreation therapy	78,757	492,939	571,696	506,316
Physiotherapy	303,557	198,319	501,876	458,207
Social work	126,615	254,040	380,655	326,643
Clinical nutrition	310,604	-	310,604	260,299
Occupational therapy	293,529	-	293,529	274,883
	1,113,062	945,298	2,058,360	1,826,348
EDUCATION	103,641	-	103,641	46,668
INTEREST LONG TERM DEBT, MUNICIPAL				
TAXES AND INSURANCE	84,045	76,163	160,208	166,185
OTHER	218,223	-	218,223	-
	8,743,840	26,395,725	35,139,565	33,374,163

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Schedule of Revenues and Expenditures for Government Reporting
 Year Ended March 31, 2004

	2004		2003	
	Regional	Hoyles- Escasoni	Total	Total
REVENUE	\$	\$	\$	\$
Provincial plan	39,011,961	21,472,900	60,484,861	60,121,214
Less: paid to nursing homes	(29,941,412)	-	(29,941,412)	(30,426,155)
Residents	9,070,549	21,472,900	30,543,449	29,695,059
Other	76,376	713,118	4,209,707	4,081,232
	9,146,925	26,395,725	35,542,650	34,480,667
EXPENDITURES				
Salaries	5,289,591	19,021,231	24,310,822	23,390,965
Employee benefits	1,240,002	4,373,256	5,613,258	5,202,515
Supplies - regular	2,130,029	2,702,774	4,832,803	4,393,980
Supplies - drugs	1,825	110,937	112,762	112,020
Supplies - medical and surgical	797	187,527	188,324	181,737
Lease - interest	81,596	-	81,596	92,946
Lease - principal	271,026	-	271,026	268,417
	9,014,866	26,395,725	35,410,591	33,642,580
SURPLUS (DEFICIT) ON OPERATIONS				
Long term debt - principal	132,059	-	132,059	838,087
BOARD FUND OPERATIONS	271,026	-	271,026	268,417
	(188,402)	-	(188,402)	(9,565)
SURPLUS (DEFICIT) BEFORE NON-SHAREABLE ITEMS	214,683	-	214,683	1,096,939
ADJUSTMENT FOR NON-SHAREABLE ITEMS:				
Amortization of deferred capital contributions	117,217	200,058	317,275	340,169
Amortization of capital assets	(386,269)	(762,413)	(1,148,682)	(1,267,816)
Accrued vacation	(178,939)	17,562	(161,377)	(290,835)
Accrued severance	(107,187)	19,128	(88,059)	(500,303)
EXCESS OF EXPENDITURES OVER REVENUE	(340,495)	(525,665)	(866,160)	(621,846)

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Schedule of Capital Transactions Funding and Expenditures
for Government Reporting
Year Ended March 31, 2004

	<u>2004</u>	<u>2003</u>
	\$	\$
SOURCE OF FUNDS		
Deferred capital grant from prior year	1,814,993	2,376,921
Provincial capital grant in current year	734,074	276,370
Transfer to operating grant	(80,300)	(80,500)
Transfers to nursing homes	(602,266)	(522,883)
Transfer to deferred operating grant	(160,600)	-
Capital contribution from Charitable Golf Tournament	23,328	-
Capital contribution from Hoyles-Escasoni Foundation Inc.	491	10,494
Deferred capital grant from current year	(1,005,589)	(1,814,993)
	<u>724,131</u>	<u>245,409</u>
EXPENDITURES		
Purchase of capital assets	724,131	245,409
	<u>724,131</u>	<u>245,409</u>
SURPLUS (DEFICIT) ON CAPITAL PURCHASES	-	-

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Schedule of Accumulated Operating Deficit
for Government Reporting
Year Ended March 31, 2004

	<u>2004</u>	<u>2003</u>
	\$	\$
CURRENT ASSETS		
Cash	-	1,116,075
Accounts receivable	1,201,615	886,922
Inventory	302,402	242,636
Prepaid expenses	46,577	31,403
	<u>1,550,594</u>	<u>2,277,036</u>
CURRENT LIABILITIES		
Bank indebtedness and short term loan	1,258,537	-
Accounts payable and accrued liabilities	2,170,923	3,824,304
Due to affiliated entities	976,595	882,735
Deferred operating grants	410,600	73,753
Deferred capital grants	1,005,589	1,814,993
	<u>5,822,244</u>	<u>6,595,785</u>
ACCUMULATED OPERATING DEFICIT	<u>(4,271,650)</u>	<u>(4,318,749)</u>

St. John's Regional Health and Community
Services Board
Consolidated Financial Statements
March 31, 2004

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Members of
St. John's Regional Health and Community Services Board

We have audited the consolidated statement of financial position of **St. John's Regional Health and Community Services Board** at March 31, 2004 and the consolidated statements of operations, changes in net assets (deficiency) and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2004 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

June 18, 2004
St. John's, Newfoundland

Grant Thornton LLP
Chartered Accountants

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St. John's Regional Health and Community Services Board

Consolidated Statement of Operations

Year Ended March 31	2004	2003
Revenue		
Provincial Plan	\$ 78,566,522	\$ 74,656,168
Interest and other	<u>426,170</u>	<u>414,889</u>
	<u>78,992,692</u>	<u>75,071,057</u>
Cost of services		
Administration	6,595,482	6,173,283
Client services programs		
Addictions	1,238,909	1,223,369
Continuing Care	14,494,410	13,666,530
Health Promotion and Protection	5,544,620	5,325,923
Mental Health	3,864,628	3,793,456
Child, Youth and Family Services	23,969,142	21,200,828
Family and Rehabilitation	24,452,575	22,225,422
Community Corrections	1,182,435	1,288,650
Board Fund expenditures	<u>164,220</u>	<u>373,994</u>
	<u>81,506,421</u>	<u>75,271,455</u>
Deficit prior to non-shareable items	(2,513,729)	(200,398)
Non-shareable operating items		
Amortization of government capital assistance	109,319	121,109
Vacation pay	(240,663)	(131,158)
Depreciation	(199,683)	(170,325)
Severance pay	<u>(418,486)</u>	<u>(506,439)</u>
Deficiency of revenue over cost of services	<u>\$ (3,263,242)</u>	<u>\$ (887,211)</u>

See accompanying notes to the consolidated financial statements.

St. John's Regional Health and Community Services Board

Consolidated Statement of Financial Position

March 31	2004	2003
Assets		
Current		
Receivables	\$ 1,825,246	\$ 4,227,152
Prepays	<u>743,860</u>	<u>845,842</u>
	2,569,106	5,072,994
Capital assets (Note 3)	<u>1,852,903</u>	<u>1,286,919</u>
	<u>\$ 4,422,009</u>	<u>\$ 6,359,913</u>
Liabilities		
Current		
Bank indebtedness (Note 4)	\$ 3,885,288	\$ 3,046,415
Payables and accruals	3,991,551	5,128,438
Advance for Breast Screening Project (Note 5)	1,001,385	778,358
Vacation pay payable	1,667,211	1,426,547
Deferred revenue	2,349,391	2,040,313
Current portion of long term debt	<u>69,808</u>	<u>44,387</u>
	12,964,634	12,464,458
Severance pay payable	4,012,034	3,593,548
Long term debt (Note 6)	1,002,147	577,489
Deferred government capital assistance (Note 7)	<u>313,909</u>	<u>331,891</u>
	<u>18,292,724</u>	<u>16,967,386</u>
Net Assets (Deficiency)		
Net assets invested in capital assets (Note 8)	467,039	333,153
Deficiency - Operating Fund	(14,552,791)	(11,454,182)
Unrestricted net assets - Board Fund	<u>215,037</u>	<u>513,556</u>
	<u>(13,870,715)</u>	<u>(10,607,473)</u>
	<u>\$ 4,422,009</u>	<u>\$ 6,359,913</u>

Commitments (Note 10)

On behalf of the Board

Jean Dume Member Nina Adey Member

See accompanying notes to the consolidated financial statements.

St. John's Regional Health and Community Services Board **Consolidated Statement of Changes in Net Assets (Deficiency)**

Year Ended March 31

2004

2003

	Net Assets Invested in Capital Assets	Deficiency Operating Fund	Unrestricted Net Assets Board Fund	Total	Total
Balances, beginning of year	\$ 333,153	\$ (11,454,182)	\$ 513,556	\$(10,607,473)	\$ (9,720,252)
Deficiency of revenue over cost of services	(90,366)	(3,048,668)	(124,188)	(3,263,242)	(887,211)
Transfer for debt repayment	49,921	(49,921)	-	-	-
Transfer from Board Fund for unfunded capital expenditures	174,331	-	(174,331)	-	-
Balances, end of year	\$ 467,039	\$ (14,552,791)	\$ 215,037	\$(13,870,715)	\$ (10,607,473)

Deficiency comprised of:

Balance prior to accrual for unfunded items

Vacation pay payable

Severance pay payable

\$ 8,873,546
1,667,211
4,012,034
<u>\$ 14,552,791</u>

See accompanying notes to the consolidated financial statements.

Grant Thornton

St. John's Regional Health and Community Services Board

Consolidated Statement of Cash Flows

Year Ended March 31

2004

2003

Increase (decrease) in cash and cash equivalents

Operating

Deficiency of revenue over cost of services	\$ (3,263,242)	\$ (887,211)
Amortization of government capital assistance	(109,319)	(121,109)
Depreciation	199,683	170,325
Severance pay	418,486	506,439
	(2,754,392)	(331,556)

Change in non-cash operating
working capital (Note 9)

2,139,770	(1,551,252)
(614,622)	(1,882,808)

Financing and Investing

Proceeds from long term debt	500,000	-
Repayment of long term debt	(49,921)	(41,740)
Capital contributions from Provincial Plan	91,337	225,407
Purchase of capital assets	(765,667)	(277,801)
Increase (decrease) in bank borrowings	25,000	1,975,000
	(199,251)	1,880,866

Net decrease in cash and cash equivalents

(813,873)	(1,942)
-----------	---------

Cash and cash equivalents (Note 4)

Beginning of year	203,585	205,527
End of year	\$ (610,288)	\$ 203,585

See accompanying notes to the consolidated financial statements.

St. John's Regional Health and Community Services Board

Notes to the Consolidated Financial Statements

March 31, 2004

1. Nature of operations

Operating Fund

The Operating Fund is used to account for the operating activities of the Organization provided through the following programs: Addictions; Continuing Care; Health Promotion and Protection; Mental Health; Child, Youth and Family Services; Family and Rehabilitation; and Community Corrections. These health care services are provided in the areas of St. John's, Mount Pearl, Bell Island, Conception Bay South and the Southern Shore to St. Shotts and are delivered under the name Health and Community Services – St. John's Region.

Any investment revenue and interest earned on the operating accounts are credited to the Board Fund. The operations of the Board are conducted under the name St. John's Regional Health and Community Services Board - Board Fund.

Board Fund

The Board Fund is used to provide for any discretionary spending of the Board of Directors and as such excludes any cost shareable operating activities. The investment revenue and the interest earned on the operating account are fully credited to the Board Fund. The Board Fund may be used to partially offset any Operating Fund deficits.

2. Significant accounting policies

Use of estimates

In preparing the organization's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Revenue recognition

St. John's Regional Health and Community Services Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Provincial Plan revenue is recognized when received or receivable for the fiscal year for which the amounts are approved by the Department of Health and Community Services.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks (net of overdraft). Bank borrowings are considered to be financing activities.

St. John's Regional Health and Community Services Board

Notes to the Consolidated Financial Statements

March 31, 2004

2. Significant accounting policies (cont'd).

Capital assets and depreciation

Purchases of minor equipment are charged to cost of services in the year they are purchased. Major equipment purchases are recorded at their full cost under capital assets.

Rates and bases of depreciation applied to write-off the cost of capital assets over their estimated lives are as follows:

Buildings	4%, declining balance
Furniture and equipment	20%, declining balance
Medical equipment	20%, declining balance
Computer equipment	30%, declining balance
Leasehold improvements	10%, straight-line

Severance pay

A liability for severance pay is recorded in the accounts for all employees who have a vested right to receive such payments. No provision for the ultimate severance pay liability is made in the accounts for any employee who has less than nine years of continuous service.

Government capital assistance

Government grants relating to the acquisition of capital assets are recorded as deferred credits and amortized on the same basis as the related asset is depreciated. During the year a grant of \$225,407 (2003 - \$64,029) was received from the Department of Health and Community Services.

Medical supplies

Medical supplies are charged to cost of services when purchased.

3. Capital assets	Cost	Accumulated Depreciation	2004	2003
			Net Book Value	Net Book Value
Land	\$ 20,000		\$ 20,000	\$ 20,000
Buildings	1,510,092	276,118	1,233,974	661,402
Furniture and equipment	775,729	528,698	247,031	189,549
Medical equipment	265,772	188,380	77,392	63,233
Computer equipment	861,378	610,612	250,766	326,308
Leasehold improvements	26,875	3,135	23,740	26,427
	<u>\$ 3,459,846</u>	<u>\$ 1,606,943</u>	<u>\$ 1,852,903</u>	<u>\$ 1,286,919</u>

St. John's Regional Health and Community Services Board

Notes to the Consolidated Financial Statements

March 31, 2004

4. Bank indebtedness	2004	2003
Operating line of credit	\$ (3,275,000)	\$ (3,250,000)
Cash and cash equivalents	(610,288)	203,585
	<u>\$ 3,885,288</u>	<u>\$ (3,046,415)</u>

The organization had an operating line of credit, supported by an authorization to borrow from the Province, of \$5,300,000 of which \$2,050,000 was unused at March 31, 2004. This authority to borrow and the related line of credit expired on April 30, 2004, coinciding with the commencement of funding for the next fiscal year.

5. Advance for Breast Screening Project

The Breast Screening Project is a project of the Department of Health and Community Services and does not fall within the responsibility or accountability of Health and Community Services - St. John's Region. The funding for this project is channelled through Health and Community Services - St. John's Region who pay the project expenses on behalf of the Department of Health and Community Services, and any unexpended funds are repayable to the Department of Health and Community Services.

6. Long term debt	2004	2003
5.35% Toronto Dominion Bank term loan, amortized to December 2018, repayable in equal monthly instalments of principal and interest of \$4,030.	\$ 494,465	
6.41% Toronto Dominion Bank term loan, amortized to March 2012, repayable in equal monthly instalments of principal and interest of \$5,591.	420,228	\$ 459,301
6.45% Newfoundland and Labrador Housing Corporation mortgage, amortized to July 1, 2020, repayable in equal monthly instalments of principal and interest of \$1,293, secured by the property to which it relates.	<u>157,262</u>	<u>162,575</u>
	1,071,955	621,876
Less: current portion	<u>69,808</u>	<u>44,387</u>
	<u>\$ 1,002,147</u>	<u>\$ 577,489</u>

Principal repayments in each of the next five years are due as follows:
2005 - \$69,808; 2006 - \$74,125; 2007 - \$78,713; 2008 - \$83,542; and 2009 - \$81,457.

Revenue other - includes a mortgage subsidy from Newfoundland and Labrador Housing Corporation (NLHC) in the amount of \$7,009 related to the above NLHC mortgage.

St. John's Regional Health and Community Services Board

Notes to the Consolidated Financial Statements

March 31, 2004

7. Deferred government capital assistance

Deferred contributions related to capital assets represent contributed capital assets and restricted contributions for the acquisition of capital assets. The changes in the deferred contributions balance for the year are as follows:

	<u>2004</u>	<u>2003</u>
Balance, beginning of year	\$ 331,891	\$ 227,593
Add: Capital contributions from Provincial Plan	91,337	225,407
Less: Amount amortized to revenue	<u>(109,319)</u>	<u>(121,109)</u>
Balance, end of year	<u>\$ 313,909</u>	<u>\$ 331,891</u>

8. Net assets invested in capital assets

	<u>2004</u>	<u>2003</u>
Capital assets	\$ 1,852,903	\$ 1,286,919
Amounts financed by:		
Long term debt	(1,071,955)	(621,875)
Deferred government capital assistance	<u>(313,909)</u>	<u>(331,891)</u>
	<u>\$ 467,039</u>	<u>\$ 333,153</u>

9. Supplemental cash flow information

	<u>2004</u>	<u>2003</u>
Change in non-cash operating working capital		
Receivables	\$ 2,401,906	\$ (1,200,067)
Prepays	101,982	201,200
Payables and accruals	(1,136,887)	404,677
Advance for Breast Screening Project	223,027	774,250
Vacation pay payable	240,664	131,158
Deferred revenue	<u>309,078</u>	<u>(1,862,470)</u>
	<u>\$ 2,139,770</u>	<u>\$ (1,551,252)</u>
Interest paid	<u>\$ 44,781</u>	<u>\$ 40,868</u>

St. John's Regional Health and Community Services Board

Notes to the Consolidated Financial Statements

March 31, 2004

10. Commitments

- (a) The organization is committed to minimum annual rentals under lease agreements for office space and equipment as follows:

2005	\$ 1,303,704
2006	1,267,433
2007	1,230,645
2008	1,059,495
2009	861,405

- (b) The Board has committed to fund certain specific future projects and activities. As at March 31, 2004, the estimated costs of these specific projects are as follows:

2005	\$ 324,000
2006	172,000
2004	172,000
2008	172,000
2009	172,000

The Board has the discretion to re-evaluate its spending priorities and alter the above commitments at any time in the future.

11. Financial instruments

Fair values of financial instruments are disclosed in the notes to the financial statements when they differ from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their fair values.

12. Other matter

The Province of Newfoundland and Labrador announced in its 2004 budget that during 2004/2005 the Department of Health and Community Services will oversee a process of board integration. This integration will result in fewer governing authorities providing integrated services in regions of the province. The impact of this restructuring for the St. John's Regional Health and Community Services Board is unknown at this time.

STUDENT LOAN CORPORATION OF
NEWFOUNDLAND AND LABRADOR

FINANCIAL STATEMENTS

31 MARCH 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Student Loan Corporation of Newfoundland and Labrador
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Student Loan Corporation of Newfoundland and Labrador as at 31 March 2004 and the statements of revenues, expenses and deficit, and cash flows for the period then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2004 and the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read "John L. Noseworthy".

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
19 July 2004

STUDENT LOAN CORPORATION OF NEWFOUNDLAND AND LABRADOR
BALANCE SHEET
31 March 2004

ASSETS

Cash	\$ 4,999,332
Accounts receivable	3,015,004
Student loans receivable (Note 2)	176,902,984
	\$ 184,917,320

LIABILITIES AND DEFICIT

Accounts payable	\$ 60,367
Long-term debt (Note 3)	213,000,000
	213,060,367
Deficit	(28,143,047)
	\$ 184,917,320

See accompanying notes

Signed on behalf of the Board:


Chairperson


Director of Portfolio Management

STUDENT LOAN CORPORATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF REVENUES, EXPENSES AND DEFICIT
For the Period 30 March to 31 March **2004**

REVENUES

Student loan interest	\$ 751,354
-----------------------	------------

EXPENSES

Bad debt expense	28,798,516
Bank charges	35
Commission expense	95,850

28,894,401

Excess of expenses over revenues	(28,143,047)
----------------------------------	--------------

Equity, beginning of period	-
-----------------------------	---

Deficit, end of period	\$ (28,143,047)
------------------------	-----------------

See accompanying notes

STUDENT LOAN CORPORATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF CASH FLOWS
For the Period 30 March to 31 March 2004

Cash flows from operating activities

Excess of expenses over revenues	\$ (28,143,047)
Adjustments for non-cash items	
Bad debt expense	28,798,516
	655,469
Changes in non-cash operating items	
Accounts receivable	(3,015,004)
Accounts payable	60,367
	(2,299,168)

Cash flows from investing activities

Loans receivable	(205,701,500)
------------------	---------------

Cash flows from financing activities

Proceeds from long-term debt	213,000,000
Net increase in cash	4,999,332
Cash, beginning of period	-
Cash, end of period	\$ 4,999,332

See accompanying notes

STUDENT LOAN CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004

Authority

The Student Loan Corporation of Newfoundland and Labrador was established on 30 March 2004 under the authority of the *Student Financial Assistance Act*. The affairs of the Corporation are managed by a Board of Directors comprised of the Deputy Minister of Education, the Deputy Minister of Finance and the Secretary to Treasury Board.

The objective of the Corporation is to act as the lender for all provincial student loans. In order to receive a loan, a student must attend an approved education institution and meet certain financial need requirements. Repayment of the loan is to commence 6 months after the end of the student's study period. The student does not pay interest on the loan during the study period; however, interest commences to accrue as at the end of the study period.

Student loan balances may be reduced by Provincial debt reduction payments calculated on a semester basis for students that borrow more than \$165 per week. This program, implemented 1 August 2002, replaced the Newfoundland and Labrador Loan Remission Program which provided funds to reduce student loans that exceeded a certain threshold for the full program period.

1. Significant accounting policies

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles.

2. Student loans receivable

On 31 March 2004, the Corporation purchased the Newfoundland and Labrador student loan portfolio totalling \$207,904,783 from the Canadian Imperial Bank of Commerce. The original purchase price was based on the loan portfolio value as at 29 February 2004, subsequently adjusted for transactions during March 2004. The portfolio consists of provincial loans issued on or after 1 August 2000 and provincial loans issued prior to 1 August where the student was still in school and did not receive additional loans.

As at 31 March 2004 approximately 17,500 loans totalling \$113,061,539 were being repaid at an average interest rate of prime plus 2.5% (Class B loans) while 13,500 loans totalling \$91,888,607 were not being repaid as the student was either still in attendance at an approved education institution or was within 6 months after the end of the study period (Class A loans).

STUDENT LOAN CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004

2. Student loans receivable (cont.)

Student loans receivable consist of the following:

	<u>2004</u>
Loans receivable	
Class B principal	\$ 113,061,539
Class A principal	91,888,607
Interest receivable	<u>751,354</u>
	205,701,500
Less: allowance for doubtful accounts	<u>(28,798,516)</u>
	<u>\$ 176,902,984</u>

The allowance for doubtful accounts represents the Corporation's best estimate of future probable losses with respect to loans receivable. The estimation of an appropriate allowance involves significant judgement. These financial statements represent management's best estimates based on available information.

3. Long-term debt

	<u>2004</u>
Issue of floating rate notes dated 31 March 2004 maturing 30 September 2005 and bearing interest at the 3-month Canadian Bankers Acceptance rate plus 3 basis points, payable quarterly.	<u>\$ 213,000,000</u>

4. Related party transactions

The Province unconditionally guarantees the principal and interest outstanding on the long-term debt of \$213,000,000. For the period ended 31 March 2004, the former Department of Youth Services and Post-Secondary Education paid \$1,238,000 in costs related to the transfer of loans from the Canadian Imperial Bank of Commerce to the Corporation. As at 31 March 2004 the Department of Education owed the Corporation \$2,190,106 in debt reduction and loan remission payments related to student loans.

5. Economic dependence

As a result of its reliance on the Government of Newfoundland and Labrador to address the future funding requirements of the student loans program, the Corporation's ability to continue is dependent upon the decisions of Government.

STUDENT LOAN CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2004

6. Financial instruments

The Corporation's short-term financial instruments recognized on the balance sheet consist of cash, accounts receivable and accounts payable. The carrying values of these instruments approximate fair value due to the short-term maturity or current market rate associated with these instruments. There is no impairment of accounts receivable because the amount is due from the Government of Newfoundland and Labrador and from the bank relating to payments made in March 2004.

The Corporation's long-term financial instruments recognized on the balance sheet consist of student loans receivable and long-term debt. The student loans receivable are reported at cost with provision being made for any decline in their value. Therefore, no further credit risk exists relating to these loans. The Corporation's long-term debt is at a floating rate determined by the 3-month Canadian Bankers Acceptance rate plus 3 basis points, maturing in September 2005. This may subject the Corporation to interest rate risk caused by changes in the interest rate. The carrying values of these long-term financial instruments approximate their fair value.

7. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

VISTA SCHOOL DISTRICT
Financial Statements / Auditor's Report
June 30, 2003

AUDITOR'S REPORT

To the members of the VISTA SCHOOL DISTRICT:

I have audited the balance sheet of the current and capital funds of the VISTA SCHOOL DISTRICT as at June 30, 2003, and the related statements of current revenue, expenditures and District equity, cash flow and capital fund position for the year then ended. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraphs, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

As at balance sheet date, the District had recorded a receivable of \$55,352 from the Department of Education based on a specific event during the prior year. As at report date, the Department has yet to make a decision as to whether this amount will be paid and has been unable and unwilling to confirm the existence of this receivable. Accordingly I was not able to determine whether any adjustments might be necessary to accounts receivable, revenue and excess of revenue over expenditure.

Note 1c) indicates that the District is not depreciating, but rather reflecting at cost, property and equipment acquired. The District contends that recording of depreciation would be difficult and costly and that the cost would exceed the benefit of the information provided. In this regard, the financial statements are not in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. The amount of depreciation that would be provided if Canadian generally accepted accounting principles were followed is not reasonably determined.

The District is required to report accrued teachers' severance of \$4,829,251 and summer pay of \$2,845,381 without any offsetting revenue or asset even though these amounts are funded directly by the Department of Education. Failure to record these offsetting revenues violate the matching principle of the Canadian generally accepted accounting principles. Had the revenues been recorded, receivables and board equity would have increased by \$7,674,632 and current revenues would have increased and excess of expenditures over revenue would have decreased by \$458,434.

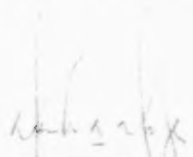
Continued...

AUDITOR'S REPORT

(continued)

In my opinion, except for the effects noted in the three previous paragraphs, these financial statements present fairly, in all material respects, the financial position of the District as at June 30, 2003, and the results of its operations and the changes in its fund position for the year then ended in accordance with Canadian generally accepted accounting principles and are in compliance with reporting requirements established for School Districts in the Province of Newfoundland and Labrador by the Department of Education.

Clareville, Newfoundland
September 30, 2003


CHARTERED ACCOUNTANT

VISTA SCHOOL DISTRICT

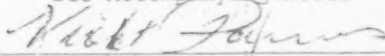
Balance Sheet

June 30, 2003

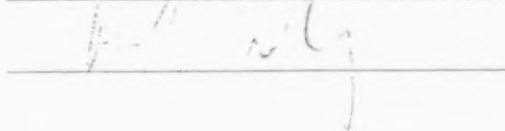
	<u>2003</u>	<u>2002</u>
Assets		
Current Assets:		
Cash (Supp. Info. 1)	\$ 125	107
Short Term Investments (Supp. Info. 2)	-	-
Accounts Receivable (Note 2)	524,308	509,891
Prepaid Expenses (Supp. Info. 3)	<u>24,079</u>	<u>31,853</u>
Total Current Assets	<u>548,512</u>	<u>541,851</u>
Property and Equipment (Schedule 8)	<u>47,105,075</u>	<u>48,178,728</u>
	<u>\$ 47,653,587</u>	<u>48,720,579</u>
Liabilities and District Equity		
Current Liabilities:		
Bank Indebtedness (Note 3)	\$ 385,787	389,938
Accounts Payable and Accrued (Note 4)	8,374,262	7,855,775
Current Maturities (Schedule 9B)	<u>110,006</u>	<u>97,806</u>
Total Current Liabilities	<u>8,870,055</u>	<u>8,343,519</u>
Long-Term Debt (Schedule 9)	<u>604,509</u>	<u>692,648</u>
District Equity:		
Investment In Capital Assets (Note 6)	46,369,274	47,366,988
District Equity (Deficit)	<u>(8,190,251)</u>	<u>(7,682,576)</u>
Total District Equity	<u>38,179,023</u>	<u>39,684,412</u>
	<u>\$ 47,653,587</u>	<u>48,720,579</u>

See Accompanying Notes

Approved: _____



Chairperson



Secretary

VISTA SCHOOL DISTRICT

Statement of Current Revenues, Expenditures and District Equity

Year ended June 30, 2003

	<u>2003</u>	<u>2002</u>
Current Revenues (Schedule 1)		
Provincial Government Grants	\$ 29,284,326	28,721,004
Donations	-	-
Ancillary Services	<u>57,793</u>	<u>32,721</u>
Miscellaneous	<u>29,342,119</u>	<u>28,753,725</u>
Current Expenditures		
Administration (Schedule 2)	1,021,007	1,032,784
Instruction (Schedule 3)	24,199,639	23,470,641
Operations and Maintenance (Schedule 4)	2,517,041	2,339,284
Pupil Transportation (Schedule 5)	1,793,772	1,741,103
Ancillary Services (Schedule 6)	-	-
Interest Expense (Schedule 9C)	46,181	68,939
Miscellaneous Expense (Schedule 7)	-	-
Provision for Doubtful Receivables	<u>-</u>	<u>-</u>
	<u>29,577,640</u>	<u>28,652,751</u>
23 111 Excess of Revenue over Expenditures (Expenditures over Revenue)	(235,521)	100,974
Transfer to Capital	<u>272,154</u>	<u>133,755</u>
Net Increase (Decrease) in Board Equity	<u>(507,675)</u>	<u>(32,781)</u>
District Equity (Deficit):		
Beginning of year:		
As previously reported	(4,918,554)	(4,890,287)
Prior period adjustments (Note 8d)	<u>(2,764,022)</u>	<u>(2,759,508)</u>
As restated	<u>(7,682,576)</u>	<u>(7,649,795)</u>
End of year	<u>\$ (8,190,251)</u>	<u>(7,682,576)</u>

See Accompanying Notes

VISTA SCHOOL DISTRICT

Statement of Changes in Cash Flows

Year ended June 30, 2003

		<u>2003</u>	<u>2002</u>
60	<u>Operating Activities</u>		
011	Excess of Revenues over Expenditures (Expenditures over Revenue)	\$ (235,521)	100,974
012	Changes in Non-Cash Working Capital	-	-
013	- Short-Term Investments	-	-
014	- Accounts Receivable	(14,417)	80,850
015	- Prepaid Expenses	7,774	(4,589)
016	- Accounts Payable and Accrued Expenses	518,487	201,173
017	- Current Maturities	-	-
018	- Other	-	-
		<u>276,323</u>	<u>378,408</u>
61	<u>Financing Activities</u>		
011	Proceeds from Bank Loans	30,000	-
012	Grants - Capital	78,625	9,821,653
013	Other Capital Revenues	51,091	-
014	Changes in Long-Term Debt	(73,933)	(524,333)
015	Other	-	-
		<u>85,783</u>	<u>9,297,320</u>
62	<u>Investing Activities</u>		
011	Proceeds from Sale of Property and Equipment	21,350	193,780
012	Additions to Property and Equipment	(379,287)	(10,075,182)
013	Other	-	-
		<u>(357,937)</u>	<u>(9,881,402)</u>
63	Increase (decrease) in Cash	4,169	(205,674)
64	Cash, beginning of year	<u>(389,831)</u>	<u>(184,157)</u>
65	Cash, end of year	<u>\$ (385,662)</u>	<u>(389,831)</u>

See Accompanying Notes

VISTA SCHOOL DISTRICT
Statement of Changes in Capital Fund
Year ended June 30, 2003

		<u>2003</u>	<u>2002</u>
70	<u>Capital Receipts</u>		
71	<u>Proceeds from Bank Loans</u>		
	011 - School Construction	\$ -	-
	012 - Equipment	-	-
	013 - Service Vehicles	30,000	-
	014 - Pupil Transportation	-	-
	015 - Other	-	-
		<u>30,000</u>	<u>-</u>
72	<u>EIC Grants</u>		
	011 - School Construction and Equipment	78,625	9,821,653
	012 - Other	51,091	-
		<u>129,716</u>	<u>9,821,653</u>
73	<u>Donations</u>		
	011 - Cash Receipts	-	-
	012 - Non-Cash Receipts	-	-
	013 - Restricted Use	-	-
		<u>-</u>	<u>-</u>
74	<u>Sale of Capital Assets - Proceeds</u>		
	011 - Land	-	-
	012 - Buildings	20,000	193,780
	013 - Equipment	-	-
	014 - Service Vehicles	1,350	-
	015 - Pupil Transportation Vehicles	-	-
	016 - Other	-	-
		<u>21,350</u>	<u>193,780</u>
75	<u>Other Capital Revenues</u>		
	011 - Interest on Capital Fund Investments	-	-
	012 - Premiums on Debentures	-	-
	013 - Recoveries of Expenditures	-	-
	015 - Insurance Proceeds	-	-
	016 - Native Peoples Grants	-	-
	017 - Miscellaneous	-	-
	018 - Other - Loan Proceeds Receivable	-	-
		<u>-</u>	<u>-</u>
	<u>Total Capital Receipts</u>	<u>181,066</u>	<u>10,015,433</u>
77	Transfer from Reserve Account	-	-
78	Transfer from Current Fund	272,154	133,755
Total		<u>\$ 453,220</u>	<u>10,149,188</u>

See Accompanying Notes

Continued...

VISTA SCHOOL DISTRICT
Statement of Changes in Capital Fund (continued)
Year ended June 30, 2003

		<u>2003</u>	<u>2002</u>
80	<u>Capital Disbursements</u>		
81	<u>Additions to Property and Equipment</u>		
	011 - Land and Sites	\$ -	-
	012 - Buildings	124,129	9,799,665
	013 - Furniture and Equipment - Schools	80,991	235,942
	014 - Furniture and Equipment - Other	9,208	17,717
	015 - Service Vehicles	31,222	-
	016 - Pupil Transportation	-	-
	017 - Other	<u>133,737</u>	<u>21,858</u>
		<u>379,287</u>	<u>10,075,182</u>
82	<u>Principal Repayment of Long Term Debt</u>		
	011 - School Construction	63,100	58,839
	012 - Equipment	-	-
	013 - Service Vehicles	10,833	15,167
	014 - Other	<u>-</u>	<u>-</u>
		<u>73,933</u>	<u>74,006</u>
83	<u>Miscellaneous Disbursements</u>		
	013 - Other	<u>-</u>	<u>-</u>
	<u>Total Capital Disbursements</u>	<u>\$ 453,220</u>	<u>10,149,188</u>

See Accompanying Notes

VISTA SCHOOL DISTRICT

Notes to the Financial Statements

Year ended June 30, 2003

1. Significant Accounting Policies:

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Districts. Fund accounting can be defined as "Accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Districts to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting, is as follows:

- (a) Grants received by the District are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the EIC (Education Investment Corporation) are recorded as capital revenues. Also amounts paid to construction companies from the EIC on behalf of the District for capital projects are treated as capital revenues.
- (b) Fixed asset additions are recorded at full cost in the capital fund.
- (c) The District does not calculate or record depreciation on any of its fixed assets.
- (d) Principal repayment of pupil transportation loans are recorded as Current Expenditures. All other principal repayment of bank loans are recorded as Capital Expenditures.

The District has received directives from the Department instructing it to record accrued teachers' severance leave (1998) and teachers' summer pay liability (2003) in the financial statements. As these amounts are included without any offsetting revenue amount, it violates the matching principle, a fundamental of Canadian generally accepted accounting principles.

VISTA SCHOOL DISTRICT
Notes to the Financial Statements
Year ended June 30, 2003

			<u>2003</u>	<u>2002</u>
2.		<u>Accounts Receivable:</u>		
		<u>Current</u>		
11	131	Provincial Government Grants	\$ 368,936	276,328
	132	Transportation	26,884	19,571
	133	Federal Government - Harmonized Sales Tax	90,348	99,283
		- Other	14,703	1,173
	136	Other School Districts	-	-
	137	Rent	-	-
	138	Interest	-	-
	139	Travel Advances and Miscellaneous	12,810	22,777
		Municipal Grant - Winter Games Complex	-	-
			<u>513,681</u>	<u>419,132</u>
		<u>Capital</u>		
11	231	EIC - Construction Grants	10,627	90,759
	233	Local Contributions	-	-
	234	Other School Districts	-	-
	235	Other - Supplier Credit	-	-
		- Bank Loan Proceeds	-	-
		- Allowance For Doubtful Accounts	-	-
			<u>10,627</u>	<u>90,759</u>
			<u>\$ 524,308</u>	<u>509,891</u>
			<u>2003</u>	<u>2002</u>
3.		<u>Bank Indebtedness:</u>		
21	131	On Operating Credit	\$ -	-
	132	On Capital Account	-	-
		On Current Account		
		- General	385,787	389,938
		- Teachers' Payroll	-	-
		- Temporary Bank Loan	-	-
			<u>\$ 385,787</u>	<u>389,938</u>

VISTA SCHOOL DISTRICT
Notes to the Financial Statements
Year ended June 30, 2003

		<u>2003</u>	<u>2002</u>
4.	<u>Accounts Payable and Accrued:</u>		
	<u>Current</u>		
21	111 Trade Payable	\$ 51,772	36,129
	112 Accrued - Liabilities	16,152	22,613
	113 - Interest	-	-
	114 - Wages:		
	- Support Staff	51,916	27,632
	- Teachers	2,845,381	2,736,390
	- Severance Pay:		
	- Support Staff (Note 8(a))	430,317	400,711
	- Teachers (Note 1)	4,829,251	4,479,808
	- Vacation Pay (Note 8(a))	129,308	99,897
	115 Payroll Deductions	-	963
	116 Retail Sales Tax	-	-
	117 Deferred Grants	20,165	51,632
	118 Other	-	-
		<u>8,374,262</u>	<u>7,855,775</u>
	<u>Capital</u>		
21	211 Trade Payable	-	-
	212 Accrued - Liabilities	-	-
	213 - Interest	-	-
	217 Deferred Grants	-	-
	218 Other	-	-
		<u>-</u>	<u>-</u>
		<u>\$ 8,374,262</u>	<u>7,855,775</u>

5. Reserve Account

Current

There were no current reserves provided for in the years ended June 30, 2002 or 2003.

Capital

There were no capital reserves provided for in the years ended June 30, 2002 or 2003.

VISTA SCHOOL DISTRICT

Notes to the Financial Statements

Year ended June 30, 2003

		2003	2002
6.	<u>Investment in Capital Assets:</u>		
	Beginning of Year (Note 8(c)):		
	As previously stated	\$ 46,362,965	38,906,094
	Prior period adjustment (Note 8d)	<u>1,004,023</u>	<u>1,004,023</u>
	As restated	47,366,988	39,910,117
	Add:		
	Transfer of Operating Funds to Capital Fund	272,154	133,758
	Grants-EIC-Contribution for Capital Construction and Equipment	78,625	9,821,653
	Grants - other	51,091	-
	Capital Projects funded by EIC but paid directly to other sources on behalf of District	-	-
	Donations	-	-
	Proceeds from Sale of Property and Equipment		
	- Land	-	-
	- Buildings	20,000	193,780
	- Equipment	-	-
	- Vehicles	1,350	-
	- Other - Busses	-	-
	Interest on Capital Fund Investments	-	-
	Recoveries of Expenditures	-	-
	Insurance Proceeds - Capital	-	-
	Native Peoples Grants - Capital	-	-
	Principal Payment of Bussing Loans	<u>32,006</u>	<u>32,006</u>
		<u>47,822,214</u>	<u>50,091,314</u>
	Deduct Adjustments:		
	Cost of Assets Sold - Land	-	-
	- Buildings	1,431,991	2,724,326
	- Equipment	-	-
	- Vehicles	20,949	-
	- Other - Busses	-	-
		<u>1,452,940</u>	<u>2,724,326</u>
23	221 Investment in Capital Assets, End of Year	<u>\$ 46,369,274</u>	<u>47,366,988</u>

VISTA SCHOOL DISTRICT

Notes to the Financial Statements

Year ended June 30, 2003

7

Commitments:

At balance sheet date the District had the following commitments:

Lease of office and school equipment for the following which are accounted for as operating leases:

- One postage meter/mail processor with annual lease payments of \$ 3,712; matures 2005
- One telephone system with monthly lease payments of \$ 223; matures 2005.
- One telephone system with monthly lease payments of \$ 93; matures 2005.
- One telephone system with monthly lease payments of \$ 358; matures 2004.
- Eight photocopiers with quarterly lease payments of \$ 4,573; matures 2007.
- One photocopier with annual lease payments of \$ 2,172; matures 2005.
- One photocopier with annual lease payments of \$ 2,172; matures 2006.
- Two photocopiers with quarterly lease payments of \$ 3,335; matures 2008.
- One photocopier with quarterly lease payments of \$ 543; matures 2005.
- One photocopier with quarterly lease payments of \$ 549; matures 2007.
- One photocopier with annual lease payments of \$ 2,172; matures 2005.
- One photocopier with annual lease payments of \$ 2,172; matures 2005.
- One photocopier with annual lease payments of \$ 1,533; matures 2005.

VISTA SCHOOL DISTRICT

Notes to the Financial Statements

Year ended June 30, 2003

6. Other:

(a) Accrued Severance and Vacation Pay:

In August 1994, the Department of Education issued an accounting directive requiring all Districts to calculate and disclose in the financial statements the accrual of severance and vacation pay for Board employees.

(i) Accrued Severance Pay:

During the year an additional amount of \$ 48,639 was accrued as follows:

Administration	\$ 7,349
Secretarial	16,588
Maintenance	1,382
Janitorial	21,401
Pupil Transportation	1,657
Computer Technicians	262

Severance paid to employees during the year ended June 30, 2003 were as follows:

Maintenance	822
Janitorial	18,211

The District also has recorded an account receivable from the Department of Education to offset the accrued severance liability recorded for pupil transportation employees. This decision was based on the policy of the Department to give the Board budget adjustments for bussing severance payments. An additional amount of \$ 1,657 has been recorded as an account receivable for the 2003 accrual.

(ii) Accrued Vacation Pay:

All vacation pay earned during the period is included in the applicable wage expense.

b) Bond Coverage:

At balance sheet date, the Insurance Division of Treasury Board carried fidelity bond coverage covering District employees as follows:

Assistant Director of Finance and Administration and District Employees	\$ 100,000
Principals, Vice Principals and Staff	100,000

Based on our evaluation of the system of internal control and our overall knowledge of the District's operations, it is our opinion that this coverage is adequate.

VISTA SCHOOL DISTRICT
Notes to the Financial Statements
Year ended June 30, 2003

8. Other (continued):

(c) Opening balances:

Opening balances as of January 1, 1997 are comprised of amounts transferred from predecessor Boards.

(d) Prior period adjustments:

During the year, prior period adjustments were recorded as follows:

Current:

	<u>2003</u>	<u>2002</u>
(i) To record accrued wages for Support Staff. \$	27,632	23,118
(ii) To record Teachers' summer pay liability from curreny year's directive from Department (Note 1)	<u>2,736,390</u>	<u>2,736,390</u>
	<u>\$ 2,764,022</u>	<u>2,759,508</u>

Comparative figures are restated for the effect of operations on (i) but not for (ii) due to the unavailability of information.

Capital:

The cost of new construction paid directly to suppliers by EIC.

	<u>2003</u>	<u>2002</u>
(i) Land/Parking Lot	\$ 252,156	252,156
(ii) Schools	<u>751,867</u>	<u>751,867</u>
	<u>\$ 1,004,023</u>	<u>1,004,023</u>

Comparative figures are not restated to report the effect on operations due to the unavailability of information.

VISTA SCHOOL DISTRICT

Schedule 1.

Current Revenues

Year ended June 30, 2003

<u>Current Revenues</u>			<u>2003</u>	<u>2002</u>
32	010	Provincial Government Grants		
	011	Regular Operating Grants	\$ 4,389,480	4,209,681
	016	Special Grants (Details on bottom of Schedule 1)	140,760	50,272
		Salaries and Benefits		
	017	- Directors and Asst. Directors	356,260	378,386
	021	- Regular Teachers	17,989,205	17,651,284
	022	- Substitute Teachers	666,490	661,071
	023	- Benefits and Payroll Costs	3,600,545	3,657,479
		- Student Assistants	317,855	345,270
	030	Pupil Transportation		
	031	- Board Owned	234,251	186,317
	032	- Contracted	1,416,477	1,400,525
	033	- Handicapped	145,503	153,219
		- Administration	27,500	27,500
			<u>29,284,326</u>	<u>28,721,004</u>
33	010	Donations		
	012	Cash Receipts	-	-
	013	Non-Cash Receipts	-	-
	014	Restricted Use	-	-
			<u>-</u>	<u>-</u>
34	010	Ancillary Services		
	011	Revenues from Rental of Residences	-	-
	021	Revenues from Rental of Schools and Facilities (Net)	-	-
	031	Cafeterias	-	-
	032	Other	-	-
			<u>-</u>	<u>-</u>

Continued...

VISTA SCHOOL DISTRICT

Schedule 1.
(Continued)

Current Revenues

Year ended June 30, 2003

			2003	2002
35	010	Miscellaneous		
	011	Interest on investments	\$ 5,612	18,065
	012	Bus Charters	-	-
	021	Recoveries of Expenditures	-	2,242
	031	Revenues from Other School Districts	-	-
	051	Insurance Proceeds	-	-
	061	Bilingual Education Revenue	-	-
	071	Operating Revenue from Native Peoples Grant	-	-
	081	Miscellaneous Federal Grants	29,139	1,664
	091	Textbooks	-	-
	092	Sundry	6,799	5,550
	093	Grant - Redas Project	1,600	1,600
		- MUN	14,643	3,600
			<u>57,793</u>	<u>32,721</u>
		Total Current Revenues	<u>\$ 29,342,119</u>	<u>28,753,725</u>

Special Grants

		\$	16,197	7,173
	French Monitor			
	French Co-ordinator		17,691	15,658
	French Immersion		-	-
	French Materials		1,663	530
	School Board Election Grant		-	-
	Alternate Text		-	-
	Textbook Credit Allocation		14,488	9,098
	School Tax Equalization		-	-
	Other - Provincial Drama Festival		28,344	-
	- School Development		7,000	-
	- Wage Subsidy Programs		2,426	2,010
	- Tutoring For Tuition		14,961	6,419
	- Textbook Rebate		6,777	6,513
	- Community Distance Learning Initiative		7,284	-
	- First Step Training		9,124	2,871
	- French Intensive Core		5,128	-
	- Kinderstart		7,400	-
	- Business Insurance Reimbursement		2,277	-
		\$	<u>140,760</u>	<u>50,272</u>

See Accompanying Notes

VISTA SCHOOL DISTRICT

Schedule 2

Administration Expenditures

Year ended June 30, 2003

		<u>2003</u>	<u>2002</u>
51	Salaries and Benefits		
011	- Directors and Assistant Directors	\$ 356,260	378,386
012	- District Office Personnel	448,167	387,239
013	Office Supplies	10,959	15,196
014	Replacement Furniture and Equipment	1,272	8,130
015	Postage	8,484	10,477
016	Telephone	18,144	18,341
017	Office Equipment Rentals and Repairs	38,461	35,816
018	Bank Charges	5,978	5,585
019	Electricity	8,049	7,539
021	Fuel	-	-
022	Insurance	1,822	1,800
023	Repairs and Maintenance (Office Building)	5,473	4,241
024	Travel	43,617	46,472
025	Board Meeting Expenses	6,430	7,514
026	Election Expenses	-	10,556
027	Professional Fees	15,255	25,688
028	Advertising	7,481	8,413
029	Membership Dues	24,142	23,209
031	Municipal Service Fees	2,056	1,688
032	Rental of Office Space	-	-
033	Relocation Expenses	-	-
034	Miscellaneous	6,870	5,590
035	Payroll Tax	4,738	4,737
036	Negotiations	-	13,204
037	Severance Pay (Note 8(a))	7,349	12,963
	Total Administration Expenditures	<u>\$ 1,021,007</u>	<u>1,032,784</u>

See Accompanying Notes

VISTA SCHOOL DISTRICT

Schedule 3.

Instruction Expenditures

Year ended June 30, 2003

		<u>2003</u>	<u>2002</u>
52	010 Instructional Salaries (Gross)		
	011 Teachers' Salaries - Regular	\$ 18,098,196	17,651,284
	012 - Substitute	671,262	637,940
	013 - District Paid	26,126	-
	014 Augmentation	-	-
	015 Employee Benefits	3,562,831	3,479,647
	016 School Secretaries - Salaries and Benefits	450,911	347,168
	017 Payroll Tax	392,364	384,397
	018 Other - Severance Pay (Note 8(a))	16,588	13,493
	Student Assistant - Wages and Benefits	310,753	324,426
		<u>23,529,031</u>	<u>22,838,355</u>
52	040 Instructional Materials		
	041 General Supplies	75,614	92,115
	042 Library Resource Materials	18,136	18,006
	043 Teaching Aids	45,286	35,522
	044 Textbooks	-	-
		<u>139,036</u>	<u>145,643</u>
52	060 Instructional Furniture and Equipment		
	061 Replacement	5,148	117,660
	062 Rentals and Repairs	124,565	94,510
	063 Salary and Benfits - Computer Technicians	124,847	108,154
		<u>254,560</u>	<u>320,324</u>
52	080 Instructional Staff Travel		
	081 Program Co-ordinators	50,751	39,009
	082 Teachers' Travel	2,120	2,732
	083 Inservice and Conferences	35,916	37,012
		<u>88,787</u>	<u>78,753</u>
52	090 Other Instructional Costs		
	091 Postage and Stationery	1,614	1,256
	092 Miscellaneous	56,963	45,794
	Funded Projects - Federal	8,983	1,974
	- Other	108,937	29,758
	Salary and Benefits - Resource Centre	11,728	8,784
		<u>188,225</u>	<u>87,566</u>
	Total Instruction Expenditures	<u>\$ 24,199,639</u>	<u>23,470,641</u>

See Accompanying Notes

VISTA SCHOOL DISTRICT
Operations and Maintenance Expenditures - Schools
Year ended June 30, 2013

Schedule 4

			<u>2013</u>	<u>2012</u>
51	011	Salaries and Benefits - Janitorial	\$ 990,721	875,235
	012	- Maintenance	209,093	213,431
	013	Payroll Tax	15,796	13,423
	014	Electricity	682,922	632,325
	015	Fuel	66,615	46,346
	016	Municipal Service Fee	34,372	37,412
	017	Telephone	111,775	102,952
	018	Vehicle Operating and Travel	21,398	20,457
	019	Janitorial Supplies	79,631	64,349
	021	Janitorial Equipment	-	-
	022	Repairs and Maintenance - Buildings	169,807	195,403
	023	- Equipment	344	627
	024	Contracted Services - Janitorial	1,665	1,632
	025	Snow Clearing	87,332	75,431
	026	Rentals	-	-
	027	Severance Pay - Janitorial (Note 8(a))	21,401	32,421
		- Maintenance (Note 8(a))	1,382	5,522
		Other - Snow Removal - Roofs	-	-
		- Energy Performance Contract	21,068	19,592
		- Bottled Water	1,319	332
		Total Operations and Maintenance	<u>\$ 2,817,041</u>	<u>2,339,284</u>

See Accompanying Notes

VISTA SCHOOL DISTRICT

Schedule 5

Pupil Transportation Expenditures

Year ended June 30, 2002

		<u>2002</u>	<u>2001</u>
54	010 Operation and Maintenance of Board Owned Fleet		
	011 Salaries and Benefits	\$ -	-
	- Administration	189,084	91,979
	012 - Drivers and Mechanics	1,364	1,094
	013 Payroll Tax	9,294	10,900
	014 Debt Repayment - Interest	32,006	32,006
	015 - Principal	-	-
	016 Bank Charges	38,445	25,777
	017 Gas and Oil	2,922	2,842
	018 Licences	1,438	1,514
	019 Insurance	32,000	15,134
	021 Repairs and Maintenance - Fleet	-	-
	022 - Building	-	-
	023 Tires and Tubes	-	-
	024 Heat and Light	-	-
	025 Municipal Service	663	276
	026 Snow Clearing	-	-
	027 Office Supplies	1,075	-
	028 Rent	34	-
	029 Travel	1,047	1,047
	031 Professional Fees	-	1,234
	032 Miscellaneous	779	542
	033 Telephone	1,557	3,040
	034 Severance Pay (Note 8(a))	<u>231,772</u>	<u>187,165</u>
54	040 Contracted Services		
	041 Regular Transportation	1,416,477	1,400,519
	042 Handicapped	<u>148,517</u>	<u>153,219</u>
		<u>1,564,994</u>	<u>1,553,738</u>
	Total Pupil Transportation Expenditures	<u>\$ 1,796,732</u>	<u>1,741,163</u>

See Accompanying Notes

VISTA SCHOOL DISTRICT

Ancillary Services and Miscellaneous Expenses

Year ended June 30, 2003

Schedule 6

		2003	2002
<u>Ancillary Services</u>			
The District owns and operates the following ancillary services:			
None			
25	Ancillary Services		
	011 Operation of Teachers' Residences	\$ -	-
	011 Cafeterias	-	-
	012 Other	-	-
		<u>\$ -</u>	<u>-</u>

Schedule 7

		2003	2002
<u>Miscellaneous Expenses</u>			
The District has incurred the following miscellaneous expenses:			
None			
27	011 Miscellaneous Expense	<u>\$ -</u>	<u>-</u>

See Accompanying Notes

VISTA SCHOOL DISTRICT

Schedule 8.

Details of Property and Equipment

Year ended June 30, 2003

		2002	Additions	Disposals	2003
12	210 Land and Sites				
	211 Land and Sites	\$ 282,713	-	-	282,713
12	220 Buildings				
	221 Schools	42,518,235	124,129	1,431,991	41,230,363
	222 Administration	329,946	-	-	329,946
	223 Residential	-	-	-	-
	224 Recreational	-	-	-	-
	225 Other	-	-	-	-
		<u>42,848,171</u>	<u>124,129</u>	<u>1,431,991</u>	<u>41,560,309</u>
12	230 Furniture and Equipment				
	231 Schools	4,000,888	80,991	-	4,081,871
	232 Administration	417,410	9,208	-	426,618
	233 Residential	-	-	-	-
	234 Recreation	-	-	-	-
	235 Other	-	-	-	-
		<u>4,418,298</u>	<u>90,199</u>	<u>-</u>	<u>4,508,489</u>
12	240 Vehicles				
	241 Service Vehicles	71,916	31,222	20,949	84,179
12	250 Pupil Transportation				
	251 Land	-	-	-	-
	252 Building	-	-	-	-
	253 Vehicles				
	- Buses	370,708	-	-	370,708
	- Service	-	-	-	-
	254 Equipment	-	-	-	-
	255 Other	-	-	-	-
		<u>370,708</u>	<u>-</u>	<u>-</u>	<u>370,708</u>
12	260 Misc. Capital Assets				
	261 Other				
	- Water lines	29,151	-	-	29,151
	- Resource Centre	135,789	133,737	-	269,526
		<u>164,940</u>	<u>133,737</u>	<u>-</u>	<u>298,677</u>
	Total Property and Equipment	<u>\$ 48,178,728</u>	<u>378,287</u>	<u>1,452,940</u>	<u>47,105,075</u>

See Accompanying Notes

VISTA SCHOOL DISTRICT
Details of Long-Term Debt
Year ended June 30, 2003

Schedule 9.

		<u>2003</u>	<u>2002</u>
	Bank loans, mortgages and debentures, approved by the District and the Government of Newfoundland and Labrador.		
22	210 Loans Other than Pupil Transportation		
	Ref. #		
	211 Bank Loans		
	2211 Repayable \$ 7,768 monthly including interest, maturing 2009	450,770	503,870
	2229 Repayable \$ 683 monthly, maturing 2007	56,719	66,719
	2225 Repayable \$ 833 monthly maturing 2006	21,667	-
	2224 Repayable \$ 833 monthly matured 2003	-	2,500
		<u>529,156</u>	<u>573,089</u>
	Total 211	<u>529,156</u>	<u>573,089</u>
	212 Mortgages	-	-
	213 Debentures	-	-
	214 Other	-	-
	Subtotal	529,156	573,089
	215 Less: Current Maturities	<u>78,000</u>	<u>65,800</u>
	Total Loans Other Than Pupil Transportation	<u>451,156</u>	<u>507,289</u>

Continued...

VISTA SCHOOL DISTRICT
Details of Long-Term Debt

Schedule 9.
(continued)

Year ended June 30, 2003

		<u>2003</u>	<u>2002</u>
22	220 Loans - Pupil Transportation		
	<u>Ref. #</u>		
	221 Vehicle Bank Loans		
	2222 Repayable \$ 1,625 monthly maturing 2007	72,404	91,904
	2223 Repayable \$ 521 monthly maturing 2011	51,977	58,229
	2218 Repayable \$521 monthly maturing 2013	<u>60,978</u>	<u>67,232</u>
	Total 221	185,359	217,365
	222 Land, Buildings, and Equipment Bank Loans	<u>-</u>	<u>-</u>
	Subtotal	185,359	217,365
	223 Less: Current Maturities	<u>32,006</u>	<u>32,006</u>
	Total Loans - Pupil Transportation	<u>153,353</u>	<u>185,359</u>
	Total Long-Term Debt	<u>\$ 604,509</u>	<u>692,648</u>

See Accompanying Notes

VISTA SCHOOL DISTRICT

Schedule 9A.

Summary of Long-Term Debt

Year ended June 30, 2003

Description	Ref #	Rate	Balance Beginning of Year (Note 8(e))	Loans Obtained During Year	Principal Repayment for Year	Balance End of Year
A) School Construction						
	2211	8.5	\$ 503,870	-	53,100	450,770
	2229	Prime	66,719	-	10,000	56,719
B) Equipment			-	-	-	-
C) Service Vehicles	2224	Prime	2,500	-	2,500	-
	2225	Prime	-	30,000	8,333	21,667
D) Other	2226	Prime	-	-	-	-
E) Pupil Transportation						
	2218	Prime	67,232	-	6,254	60,978
	2222	Prime	91,904	-	19,500	72,404
	2223	Prime	58,229	-	6,252	51,977
Total Loans			<u>\$ 790,454</u>	<u>30,000</u>	<u>105,939</u>	<u>714,515</u>

See Accompanying Notes

VISTA SCHOOL DISTRICT
Schedule of Current Maturities
Year ended June 30, 2003

Schedule 9B.

<u>Description</u>	<u>Ref #</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
A) School Construction						
	2211	\$ 58,000	63,200	68,800	74,900	81,500
	2229	10,000	10,000	10,000	10,000	10,000
B) Equipment		-	-	-	-	-
C) Service Vehicles	2225	10,000	10,000	1,667	-	-
D) Other	2226	-	-	-	-	-
		<u>78,000</u>	<u>83,200</u>	<u>80,467</u>	<u>84,900</u>	<u>91,500</u>
E) Pupil Transportation						
	2218	6,254	6,254	6,254	6,254	6,254
	2222	19,500	19,500	19,500	13,904	-
	2223	<u>6,252</u>	<u>6,252</u>	<u>6,252</u>	<u>6,252</u>	<u>6,252</u>
		<u>32,006</u>	<u>32,006</u>	<u>32,006</u>	<u>26,410</u>	<u>12,506</u>
Total		<u>\$ 110,006</u>	<u>115,206</u>	<u>112,473</u>	<u>111,310</u>	<u>104,006</u>

See Accompanying Notes

VISTA SCHOOL DISTRICT
Schedule of Interest Expense
Year ended June 30, 2003

Schedule 9C

56	010	Description	2003	2002
	012	Capital		
		School Construction	\$ 43,729	48,155
		Equipment	-	-
		Service Vehicles	1,176	270
		Other	-	19,302
		Total Capital	44,905	67,727
	013	Current		
		Operating Loans	1,276	1,212
		Supplier Interest Charges	-	-
		Total Current	1,276	1,212
		Total Interest Expense	\$ 46,181	68,939

See Accompanying Notes

VISTA SCHOOL DISTRICT
Supplementary Information
Year ended June 30, 2003

		<u>2003</u>	<u>2002</u>
1.	<u>Cash</u>		
	<u>Current</u>		
11	110 Cash on Hand and in Bank		
	111 Cash on Hand	\$ 125	107
	112 Bank - Current	-	-
	113 - Savings	-	-
	114 - Teachers' Payroll	-	-
	115 - Non-Teachers' Payroll	-	-
	116 - Coupon (Debenture)	-	-
	117 - Other	-	-
	<u>Capital</u>		
11	210 Cash on Hand and in Bank		
	211 Cash on Hand	-	-
	212 Bank - Current	-	-
	213 - Savings	-	-
	214 - Other	-	-
	Total Cash on Hand and in Bank	<u>\$ 125</u>	<u>107</u>

The District uses one bank account for both current operating and capital purposes.

		<u>2003</u>	<u>2002</u>
2.	<u>Short Term Investments</u>		
	<u>Current</u>		
11	121 Term Deposits	\$ -	-
	122 Canada Savings Bonds	-	-
	123 Other	-	-
	<u>Capital</u>		
11	221 Term Deposits	-	-
	222 Canada Savings Bonds	-	-
	223 Other	-	-
	Total Short Term Investments	<u>\$ -</u>	<u>-</u>

VISTA SCHOOL DISTRICT
Supplementary Information
Year ended June 30, 2003

		<u>2003</u>	<u>2002</u>
E.	<u>Prepaid Expenses</u>		
	<u>Current</u>		
11	141 Insurance	\$ -	-
	142 Municipal Service Fees	-	-
	143 Supplies	24,079	31,853
	144 Other	-	-
	<u>Capital</u>		
11	241 Other	-	-
		<u>\$ 24,079</u>	<u>31,853</u>

Western Health Care Corporation

- Combined Funds

Financial Statements

March 31, 2004

Grant Thornton 

Auditors' Report

To the Members of the Board of
Western Health Care Corporation

We have audited the balance sheet of Western Health Care Corporation - Combined Funds as at March 31, 2004, and the statements of changes in net assets, operations and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2004, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Corner Brook, Newfoundland
October 4, 2004


Grant Thornton LLP
Chartered Accountants

Western Health Care Corporation

Combined Funds

Balance Sheet

March 31	2004	2003
Assets		
Current		
Cash and cash equivalents	\$ 101,286	\$ 186,269
Receivables (Note 3)	10,264,008	6,941,655
Inventory	3,294,258	2,762,051
Prepaid expenses	3,122,741	2,890,840
Bursary advances (Note 4)	216,670	233,029
Due from Health and Community Services Western	953,406	1,567,829
	<u>17,952,369</u>	<u>14,581,673</u>
Due from associated funds (Note 5)	865,556	591,696
Restricted cash and cash equivalents	121,097	111,731
Capital assets (Note 6)	42,966,058	40,183,333
Trust funds on deposit	408,873	441,097
	<u>\$ 62,313,953</u>	<u>\$ 55,909,530</u>
Liabilities		
Current		
Bank indebtedness (Note 7)	\$ 15,215,059	\$ 12,354,365
Payables and accruals (Note 8)	18,435,397	16,279,752
Deferred contributions - operating	671,416	665,466
Deferred contributions - capital	8,412,506	8,164,191
Vacation pay accrual	4,393,836	4,423,795
Current portion of severance pay accrual	800,000	800,000
Current portion of long term debt (Note 9)	791,000	817,000
	<u>48,719,214</u>	<u>43,504,569</u>
Deferred contributions		
- unamortized portion of capital asset grants	33,453,206	29,584,501
Severance pay accrual	17,922,195	16,852,792
Trust funds payable	408,873	441,097
Long term debt (Note 9)	7,772,943	8,563,190
	<u>108,276,431</u>	<u>98,946,149</u>
Net Assets		
Net assets invested in capital assets	(835,552)	(737,539)
Restricted net assets - endowments	112,215	102,848
Unrestricted net assets	(45,239,141)	(42,401,928)
	<u>(45,962,478)</u>	<u>(43,036,619)</u>
	<u>\$ 62,313,953</u>	<u>\$ 55,909,530</u>

Contingencies and commitments (Note 10)

On behalf of the Board

Bonnie Buckle Member *Brenda Hadden* Member

See accompanying notes to the financial statements.

Western Health Care Corporation
Combined Funds
Statement of Changes in Net Assets

March 31

	Unrestricted	Capital	Endowments (Restricted)	<u>2004</u> Total	<u>2003</u> Total
Balance, beginning of year	\$ (42,401,928)	\$ (737,539)	\$ 102,848	\$ (43,036,619)	\$ (40,890,867)
Excess of expenditures over revenue	(2,925,859)	-	-	(2,925,859)	(2,145,752)
Restricted interest income	(11,018)	-	11,018	-	-
Amortization of capital assets	3,954,008	(3,954,008)	-	-	-
Amortization of capital asset grants	(3,745,406)	3,745,406	-	-	-
Purchase of capital assets from unrestricted funds	(108,938)	108,938	-	-	-
Purchase of capital assets from restricted funds	-	1,651	(1,651)	-	-
Balance, end of year	<u>\$ (45,239,141)</u>	<u>\$ (835,552)</u>	<u>\$ 112,215</u>	<u>\$ (45,962,478)</u>	<u>\$ (43,036,619)</u>

See accompanying notes to the financial statements.

Western Health Care Corporation
Combined Funds
Statement of Operations

Year Ended March 31	2004	2003
Revenue		
Provincial plan	\$ 126,160,955	\$ 123,361,134
Other operating	29,474,333	28,275,507
Board fund	<u>1,211,260</u>	<u>1,417,510</u>
	<u>156,846,548</u>	<u>153,054,151</u>
Expenditures		
Administrative and support services	47,053,427	46,019,526
Nursing services	73,162,593	71,529,192
Ambulatory care services	12,689,121	11,774,993
Diagnostic and therapeutic services	18,658,311	17,298,208
Educational services	3,853,274	3,792,697
General services	1,679,832	1,524,591
Board fund	<u>1,427,804</u>	<u>1,215,725</u>
	<u>158,524,362</u>	<u>153,154,932</u>
Operating deficit before other items	<u>(1,677,814)</u>	<u>(100,781)</u>
Other items		
Increase in severance and vacation pay accrual	1,039,443	1,722,039
Amortization of capital assets	3,954,008	3,605,138
Amortization of capital asset grants	<u>(3,745,406)</u>	<u>(3,282,206)</u>
	<u>1,248,045</u>	<u>2,044,971</u>
Excess of expenditures over revenue	<u>\$ (2,925,859)</u>	<u>\$ (2,145,752)</u>

See accompanying notes to the financial statements.

Western Health Care Corporation
Combined Funds
Statement of Cash Flows

Year Ended March 31

2004

2003

Cash and cash equivalents derived from (applied to)

Operations

Excess of expenditures over revenue	\$ (2,925,859)	\$ (2,145,752)
Increase in severance and vacation pay accrual	1,039,443	1,722,039
Amortization of capital assets	4,580,359	4,048,417
Amortization of capital asset grants	<u>(3,745,406)</u>	<u>(3,282,206)</u>
	(1,051,463)	342,498
Changes in		
Receivables	(3,322,353)	1,818,173
Inventory	(532,207)	(369,409)
Bursary advances	16,359	184,610
Prepaid expenses	(231,901)	509,906
Due from associated funds	340,563	(1,396,376)
Payables and accruals	<u>2,161,595</u>	<u>4,642,019</u>
	<u>(2,619,407)</u>	<u>5,731,421</u>

Financing

Increase(increase) in bank indebtedness	2,860,694	(5,491,503)
Capital contributions	7,862,421	5,573,797
Proceeds from long term debt	-	5,584,591
Repayment of long term debt	<u>(816,247)</u>	<u>(580,144)</u>
	<u>9,906,868</u>	<u>5,086,741</u>

Investing

Disposal of capital assets	6,717	-
Purchase of capital assets	(7,369,795)	(10,659,235)
Increase in restricted cash and investments	<u>(9,366)</u>	<u>1,308</u>
	<u>(7,372,444)</u>	<u>(10,657,927)</u>

Net (decrease) increase in cash and cash equivalents (84,983) 160,235

Cash and cash equivalents

Beginning of year	<u>186,269</u>	<u>26,034</u>
End of year	<u>\$ 101,286</u>	<u>\$ 186,269</u>

See accompanying notes to the financial statements.

Western Health Care Corporation

Combined Funds

Notes to the Financial Statements

March 31, 2004

1. Nature of operations

The Western Health Care Corporation ("the Corporation") was constituted under the Hospital's Act (Western Health Care Corporation) Constitution Order and is responsible for the management and control of the operations of acute and long term care facilities in the western region of the province of Newfoundland and Labrador. The Corporation assumed responsibility for these facilities effective January 1, 1996. The institutions are as follows:

- Western Memorial Regional Hospital, including Western Linen Services
- Bonne Bay Hospital Division
- Dr. J. I. O'Connell Centre
- Calder Health Care Centre
- Rufus Guinchard Health Care Centre
- Bay St. George Senior Citizens Home
- Sir Thomas Roddick Hospital
- Dr Charles L Legrow Health Centre
- Interfaith Home for Senior Citizens

The Board of Trustees of Western Health Care Corporation governs the Western Health Care Corporation.

The Western Health Care Corporation is a registered charity and consequently is exempt under the Income Tax Act.

2. Summary of significant accounting policies

The financial statements of the combined funds have been prepared within the framework of Canadian generally accepted accounting principles which requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the combined funds are as follows:

Basis of presentation

The combined funds apply fund accounting principles as follows:

The Operating Fund contains the assets, liabilities, revenues and expenditures of the Corporation related to the provision of hospital services, which are funded by the Department of Health.

The Board of Trustees Fund contains special purpose assets and those which may be expended at the discretion of the Board. Revenue consists mainly of investment income and revenue not directly related to hospital operations. Expenditures of this fund consist of hospital operating expenditures not shared by government and those approved by the Board.

Western Health Care Corporation

Combined Funds

Notes to the Financial Statements

March 31, 2004

2. Summary of significant accounting policies (cont'd)

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term investments. Bank borrowings are considered financing activities.

Inventory

Inventory is valued at average cost on a first-in, first-out basis.

Capital assets

The combined funds have control over certain assets for which title resides with the Government of Newfoundland and Labrador. These assets have not been recorded in the financial statements of the combined funds. Capital assets acquired after January 1, 1996 are recorded at cost. Assets that are acquired through long term borrowing are amortized at an amount equal to the annual principal repayment of the debt obligation. The remaining assets in use are amortized on a declining balance basis at the following rates:

Land improvements	2 ½%
Buildings	3 - 6 ¼%
Parking lot	6 ¼%
Equipment	15%
Equipment under capital leases	15%
Vehicles	20%

Capital and operating leases

A lease that transfers substantially all of the risks and rewards incidental to the ownership of property is accounted for as a capital lease. Assets acquired under capital lease result in a capital asset and an obligation being recorded equal to the lesser of the present value of the minimum lease payments and the property's fair value at the time of inception. All other leases are accounted for as operating leases and the related payments are expensed as incurred.

Severance and vacation pay liability

An accrued liability for severance and vacation pay is recorded in the accounts for all employees who have a vested right to receive such payments. Severance pay vests after nine years of continuous service and no provision has been made for employees with less than nine years of service.

Revenue recognition

Provincial plan revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred contributions - operating.

Unrestricted cash donations are recognized as revenue when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Western Health Care Corporation

Combined Funds

Notes to the Financial Statements

March 31, 2004

2. Summary of significant accounting policies (cont'd)

Capital contributions expended are recorded as deferred contributions and amortized to income on a declining balance basis using the same rates as depreciation expense related to the capital assets purchased. Capital contributions expended for non-depreciable capital assets are recorded as direct increases in net assets. Non-expended capital contributions are deferred and are not amortized until expended.

Revenue from the sale of goods and services is recognized at the time the goods are delivered or the services are provided.

Financial instruments

The corporation's financial instruments include trade receivables and trade payables due from associated funds, trust funds on deposit and payable, bank indebtedness and bursary advances. It is management's view that the fair value of these instruments approximates their carrying value due to their short term to maturity.

Unless otherwise noted, it is management's opinion that the corporation is not exposed to significant credit, interest rate or currency risk arising from its financial instruments

3. Receivables	<u>2004</u>	<u>2003</u>
Province of Newfoundland		
Capital contributions	\$ 4,606,188	\$ 1,600,000
Provincial Plan	452,484	728,738
Special funding	-	44,644
MCP	2,064,660	967,645
Patient services	1,063,344	910,799
Employees' and associated receivables	693,482	702,606
Harmonized sales tax rebate	221,904	362,772
Other	<u>1,161,946</u>	<u>1,624,451</u>
	<u>\$ 10,264,008</u>	<u>\$ 6,941,655</u>

4. Bursary advances

The Board of Trustees has provided advances to medical professionals to assist with education costs. As consideration for receiving the bursary, these medical professionals are required to provide a period of service to the Corporation after completing their educational program. The bursary advances are recorded as an asset and are amortized on a straight-line basis over the required period of service upon commencement of employment. The advances are repayable to the Corporation if the medical professional does not complete the agreed period of service.

Western Health Care Corporation
Combined Funds
Notes to the Combined Financial Statements

March 31, 2004

5. Due from associated funds	2004	2003
Cottages	\$ 800,777	\$ 569,740
Associated Foundations	64,779	21,956
	<u>\$ 865,556</u>	<u>\$ 591,696</u>

Amounts due from associated funds are non-interest bearing with no set terms of repayment.

6. Capital assets			2004
	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 575,472	\$ -	\$ 575,472
Land improvements	147,791	63,071	84,720
Equipment under capital lease	6,775,348	1,720,848	5,054,500
Buildings	33,898,266	15,694,950	18,203,316
Parking lot	1,019,256	583,943	435,313
Equipment	51,717,762	33,419,034	18,298,728
Motor vehicles	593,630	279,621	314,009
	<u>\$ 94,727,525</u>	<u>\$ 51,761,467</u>	<u>\$ 42,966,058</u>

			2003
	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 575,472	\$ -	\$ 575,472
Land improvements	147,791	60,899	86,892
Equipment under capital lease	6,775,348	885,632	5,889,716
Buildings	31,414,341	14,831,630	16,582,711
Parking lot	908,667	564,516	344,151
Equipment	47,229,450	30,602,282	16,627,168
Motor vehicles	313,374	236,151	77,223
	<u>\$ 87,364,443</u>	<u>\$ 47,181,110</u>	<u>\$ 40,183,333</u>

7. Bank indebtedness

The Corporation has signed an overdraft lending agreement with the Bank of Montreal, interest being charged at prime less 0.5% on any overdraft (March 31, 2004 - 4.00%; March 31, 2003 - 4.75%).

Western Health Care Corporation

Combined Funds

Notes to the Combined Financial Statements

March 31, 2004

8. Payables and accruals	<u>2004</u>	<u>2003</u>
Accounts payable and accrued liabilities	\$ 18,114,824	\$ 15,959,179
Provincial Plan	<u>320,573</u>	<u>320,573</u>
	<u>\$ 18,435,397</u>	<u>\$ 16,279,752</u>

The repayment of the Provincial Plan Payable is contingent upon final settlement for the years 1984 to 1992, which could then result in an adjustment to the amount recorded.

9. Long term debt	<u>2004</u>	<u>2003</u>
Canada Mortgage and Housing Corporation mortgage, at 5.5%, maturing in 2021, payable in blended monthly instalments of \$14,647.	\$ 1,958,505	\$ 2,025,774
Canada Mortgage and Housing Corporation mortgage, at 8%, maturing in 2026, payable in blended monthly instalments of \$9,523.	1,205,852	1,224,199
Newfoundland and Labrador Housing Corporation loan, at 7.875%, maturing in 2022, repayable in blended monthly instalments of \$6,056.	704,670	721,856
Obligation under Johnson Controls Limited capital lease, repaid during the year	-	71,089
Obligations under capital lease, at 5.83%, maturing in 2011, payable in blended monthly instalments of \$61,951.	<u>4,694,916</u>	<u>5,337,272</u>
	<u>8,563,943</u>	<u>9,380,190</u>
Less: Amount payable within one year	<u>791,000</u>	<u>817,000</u>
	<u>\$ 7,772,943</u>	<u>\$ 8,563,190</u>

Western Health Care Corporation

Combined Funds

Notes to the Combined Financial Statements

March 31, 2004

9. Long term debt (cont'd)

As security for the mortgage and bank loans, the corporation has provided a first mortgage over land and buildings at the Corner Brook Interfaith Home and at the Bay St. George Senior Citizens Home.

As security for capital leases the Corporation has provided specific capital equipment having a net book value of \$5,054,500.

Principal repayments over the next five years are as follows: 2005 - \$791,000;
\$2006 - \$640,000; 2007 - \$679,000; 2008 - \$720,000; 2009 - 765,000.

10. Contingencies and commitments

Claims

As of March 31, 2004, there were a number of claims against the Board in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Board with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

Operating leases

The Corporation has a number of agreements whereby it leases equipment and property, in addition to those disclosed under Note 9. These agreements range in terms from five to twenty years. These leases are accounted for as operating leases. Future minimum lease payments under operating leases for the next five years are as follows:

2005	\$ 1,055,000
2006	\$ 978,000
2007	\$ 831,000
2008	\$ 831,000
2009	\$ 800,000

11. Subsequent event

Subsequent to the year end, the Government of Newfoundland and Labrador announced a merger between the Corporation and Western Health and Community Services effective December 31, 2004. The new entity will serve the health needs of the residents of Western Newfoundland and Labrador.

**Western Regional Health
And Community Services Board –
Combined Funds
Financial Statements
March 31, 2004**

Grant Thornton 

Western Regional Health and Community Services Board **Combined Funds** **Balance Sheet**

March 31 2004 2003

Assets

Current

Cash and cash equivalents (Note 3)	\$ 1,908,474	\$ 2,856,329
Receivables (Note 4)	785,486	1,710,335
Prepaid expenses	<u>410,837</u>	<u>364,822</u>
	3,104,797	4,929,486

Payroll advance 52,169 54,272

Capital assets (Note 5) 690,398 782,066
\$ 3,847,364 \$ 5,765,824

Liabilities

Current

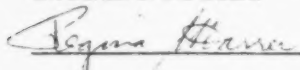
Payables and accruals	\$ 1,210,167	\$ 1,474,441
Deferred contributions - operating	725,635	425,774
Deferred contributions - capital	108,061	-
Deferred contributions - NCB	114,685	112,615
Deferred contributions - ECD	40,152	29,851
Due to Western Health Care Corporation	953,406	1,567,829
Vacation pay accrual	1,280,126	1,077,236
Current portion of severance pay accrual	<u>100,000</u>	<u>100,000</u>
	4,532,232	4,787,746

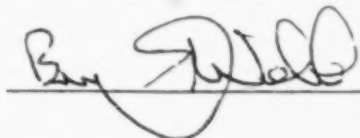
Deferred contributions - unamortized portion of capital asset grants 503,474 550,844
Severance pay accrual 2,602,667 2,113,987
7,638,373 7,452,577

Net Assets

Net assets invested in capital assets 186,925 231,222
Unrestricted net assets (3,977,934) (1,917,975)
(3,791,009) (1,686,753)
\$ 3,847,364 \$ 5,765,824

On behalf of the Board

 Member

 Member

See accompanying notes to the financial statements.

Grant Thornton 

Western Regional Health and Community Services Board

Combined Funds

Statement of Revenue and Expenditures

Year Ended March 31	2004	2003
Revenue		
Provincial Plan	\$ 37,511,787	\$ 36,223,979
Department of Health – National Child Benefit	765,487	813,004
Department of Health – Early Childhood Development	557,705	327,310
MCP Physician Revenue	197,148	119,682
Department of Health – Direct Payments	199,523	263,043
Children's special Federal allowance	245,642	-
Interest	154,775	123,459
Other	328,958	182,831
	<u>39,961,025</u>	<u>38,053,308</u>
Expenditures		
Administrative services	2,236,311	2,152,638
Support services	989,332	986,326
Ambulatory care services	280,761	324,979
Diagnostic & therapeutic services	1,634,613	1,521,964
Community and social services	<u>36,188,396</u>	<u>32,816,460</u>
	<u>41,329,413</u>	<u>37,802,367</u>
Operating (deficit) surplus before other items	<u>(1,368,388)</u>	<u>250,941</u>
Other items		
Amortization of capital assets	163,607	182,058
Amortization of capital asset grants	(119,310)	(128,413)
Increase in vacation pay accrual (Note 2)	202,891	121,414
Increase in severance pay accrual (Note 2)	<u>488,680</u>	<u>219,896</u>
	<u>735,868</u>	<u>394,955</u>
Deficiency of revenue over expenditures	<u>\$ (2,104,256)</u>	<u>\$ (144,014)</u>

See accompanying notes to the financial statements.

**Western Regional Health and Community Services Board
Combined Funds**

Statement of Changes in Net Assets

Year Ended March 31	Operating	Capital	2004 Total	2003 Total
Balance, beginning of year	\$ (1,917,975)	\$ 231,222	\$ (1,686,753)	\$ (1,542,739)
Deficiency of revenue over expenditures	(2,104,256)	-	(2,104,256)	(144,014)
Amortization of				
Capital assets	163,607	(163,607)	-	-
Capital asset grants	<u>(119,310)</u>	<u>119,310</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ (3,977,934)</u>	<u>\$ 186,925</u>	<u>\$ (3,791,009)</u>	<u>\$ (1,686,753)</u>

See accompanying notes to the financial statements.

Western Regional Health and Community Services Board

Combined Funds

Statement of Cash Flows

Year Ended March 31

2004

2003

Cash and cash equivalents derived from (applied to)

Operations

Deficiency of revenue over expenditures	\$ (2,104,256)	\$ (144,014)
Amortization of capital assets	163,607	182,058
Amortization of capital equipment grant	<u>(119,310)</u>	<u>(128,413)</u>
	(2,059,959)	(90,369)

Changes in

Receivables	924,849	40,667
Prepaid expenses	(48,015)	130,921
Payroll advance	2,103	3,118
Payables and accruals	(264,273)	40,356
Deferred contributions - Operating	299,861	386,015
Deferred contributions - Capital	108,061	-
Deferred contributions - NCB	2,070	(138,701)
Deferred contributions - ECD	10,301	(7,310)
Severance and vacation pay accrual	<u>691,570</u>	<u>341,310</u>
	<u>(333,432)</u>	<u>706,007</u>

Financing

Advances (to) from Western Health Care Corporation	(614,423)	1,182,563
Capital grant - Province of Newfoundland	<u>71,939</u>	<u>-</u>
	<u>(542,484)</u>	<u>1,182,563</u>

Investing

Purchases of capital assets	<u>(71,939)</u>	<u>(107,663)</u>
-----------------------------	-----------------	------------------

Net (decrease) increase in cash and cash equivalents (947,855) 1,780,907

Cash and cash equivalents,

Beginning of year	<u>2,856,329</u>	<u>1,075,422</u>
End of year	<u>\$ 1,908,474</u>	<u>\$ 2,856,329</u>

See accompanying notes to the financial statements.

Western Regional Health and Community Services Board

Notes to the Financial Statements

March 31, 2004

1. Nature of operations

The Western Regional Health and Community Services Board is responsible for the delivery of health services, other than hospital services in areas of health promotion, protection, research, public health services and continuing care, mental health, addictions, rehabilitative services, child youth and family services, community youth corrections and family and rehabilitative services.

2. Summary of significant accounting policies

The financial statements of the Board have been prepared within the framework of Canadian generally accepted accounting principles which requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the Board are as follows:

Basis of presentation

The Board applies fund accounting principles as follows:

The Operating Fund contains the assets, liabilities, revenue and expenditures of the Board related to the provision of health and community services, which are funded by the Department of Health.

The Board Fund contains assets which may be expended at the discretion of the Board. Its revenue consists of investment income. Expenditures of this fund consist of operating expenditures not shared by government and those approved by the Board.

Amortization

Amortization of capital assets is recorded on a declining balance basis over the estimated life of those assets.

Revenue recognition

Provincial plan revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred contributions - operating.

Capital contributions expended for capital assets are recorded as deferred contributions - unamortized portion of capital asset grants, and are amortized on the same basis as the assets to which it relates. Non-expended capital contributions are deferred and recorded as deferred contributions - capital.

Revenue from the provision of services is recognized at the time the goods are delivered or the services are provided.

Western Regional Health and Community Services Board

Notes to the Financial Statements

March 31, 2004

2. Summary of significant accounting policies (cont'd)

Severance and vacation pay

An accrued liability for severance and vacation pay is recorded in the accounts for all employees who have a vested right to receive such payments. Severance pay vests after nine years of service and no provision has been made for employees with less than nine years.

3. Cash and cash equivalents	<u>2004</u>	<u>2003</u>
Cash and cash equivalents consists of		
Cash on hand and balances with banks	\$ 908,474	\$ 1,856,329
Short term deposits	<u>1,000,000</u>	<u>1,000,000</u>
	<u>\$ 1,908,474</u>	<u>\$ 2,856,329</u>
4. Receivables	<u>2004</u>	<u>2003</u>
Department of Health	\$ 500,752	\$ 1,636,285
Other	<u>260,860</u>	<u>74,050</u>
Operating Fund receivables	\$ 761,612	\$ 1,710,335
Board Fund receivables	\$ 23,874	\$ -
Combined receivables	<u>\$ 785,486</u>	<u>\$ 1,710,335</u>

5. Capital assets

	<u>Leasehold Improvements</u>	<u>Equipment I. T.</u>	<u>Equipment Other</u>	<u>Total</u>
Cost, March 31, 2003	\$ 203,402	\$ 767,584	\$ 565,683	\$ 1,536,669
Additions during the year	29,056	12,432	30,451	71,939
Disposals during the year	-	-	-	-
Cost, March 31, 2004	<u>232,458</u>	<u>780,016</u>	<u>596,134</u>	<u>1,608,608</u>
Amortization rate	20%	20%	20%	
Acc. amort., Mar 31, 2003	101,123	313,854	339,626	754,603
Amortization expense	<u>23,362</u>	<u>91,988</u>	<u>48,257</u>	<u>163,607</u>
Acc. amort., Mar 31, 2004	<u>124,485</u>	<u>405,842</u>	<u>387,883</u>	<u>918,210</u>
Net book value, Mar 31, 2004	<u>\$ 107,973</u>	<u>\$ 374,174</u>	<u>\$ 208,251</u>	<u>\$ 690,398</u>
Net book value, Mar 31, 2003	<u>\$ 102,279</u>	<u>\$ 453,730</u>	<u>\$ 226,057</u>	<u>\$ 782,066</u>

Western Regional Health and Community Services Board

Notes to the Financial Statements

March 31, 2004

6. Operating fund transfers

In accordance with the Department of Health and Community Services budget plan, the accumulated (deficit) surplus of all Provincial Health and Community Services Boards is to remain in the Operating Funds. However, during the current year, the Board approved, at the request of the Department of Health and Community Services, the transfer of the accumulated operating deficit at March 31, 2003 of \$931,354 to the Board Fund.

Western Regional Health and Community Services Board

Schedule of Shareable Operating

Expenditures for Government Reporting

Year Ended March 31	2004	2003
Administration & support		
General administration	\$ 1,152,314	\$ 1,068,168
Finance	385,549	400,353
Personnel services	328,629	315,531
Systems support	369,819	368,586
Other	989,332	986,326
Total administration & support	<u>3,225,643</u>	<u>3,138,964</u>
Diabetic education	<u>280,761</u>	<u>324,979</u>
Diagnostic & therapeutic services	<u>1,634,613</u>	<u>1,521,964</u>
Community & social services		
Addictions – outpatient	747,700	729,121
Addictions – inpatient	520,052	505,957
Continuing care	7,730,327	6,830,605
Health promotion	1,032,016	729,794
Health protection	3,929,685	3,760,918
Mental health	1,651,097	1,535,703
Child, youth & family services	7,205,933	6,966,444
Family & rehabilitative services	11,899,709	10,364,842
Community corrections	<u>1,467,522</u>	<u>1,391,426</u>
Total community & social services	<u>36,184,041</u>	<u>32,814,810</u>
Total shareable expenses	<u>\$ 41,325,058</u>	<u>\$ 37,800,717</u>

Western Regional Health and Community Services Board

Schedule of Revenue and Expenditures

for Government Reporting

Year Ended March 31	2004	2003
Revenue	<u>\$ 39,798,838</u>	<u>\$ 37,929,849</u>
Expenditures		
Worked and benefit salaries and contributions	15,107,838	14,297,966
Benefits contribution	<u>2,944,707</u>	<u>2,854,399</u>
Total compensation	<u>18,052,545</u>	<u>17,152,365</u>
Supplies – plant operation and maintenance	330,439	297,918
Supplies – drugs	1,777	3,649
Supplies – medical and surgical	235,184	211,427
Supplies – oxygen & orthotics	243,455	222,829
Supplies – food	7,547	41,472
Supplies – other	<u>242,960</u>	<u>180,691</u>
Total supplies	<u>1,061,362</u>	<u>957,986</u>
Direct client costs – continuing care	6,083,580	5,117,141
Direct client costs – child, youth & family services	3,771,417	3,586,453
Direct client costs – family & rehab services	10,206,036	8,872,313
Direct client costs – community corrections	<u>130,096</u>	<u>131,110</u>
Total direct client costs	<u>20,191,129</u>	<u>17,707,017</u>
Other shareable expenses		
- Travel	670,610	725,258
- Building lease	389,908	375,161
- Other	<u>959,504</u>	<u>882,930</u>
Total other shareable expenses	<u>2,020,022</u>	<u>1,983,349</u>
Total expenditures	<u>41,325,058</u>	<u>37,800,717</u>
Surplus (Deficit) for government reporting	<u>(1,526,220)</u>	<u>129,132</u>
Non-shareable items		
Amortization expense	163,607	182,058
Accrued vacation expense – increase	202,891	121,414
Accrued severance expense – increase	488,680	219,896
Amortization of deferred capital equipment grants	<u>(119,310)</u>	<u>(128,413)</u>
	<u>735,868</u>	<u>394,955</u>
Deficit inclusive of non-shareable items	<u>\$ (2,262,088)</u>	<u>\$ (265,823)</u>

Western Regional Health and Community Services Board

Schedule of Capital Transactions

for Government Reporting

Year Ended March 31

2004

2003

Sources of funds

Provincial capital equipment grants in current year

Provincial plan funding	\$ 25,000	\$ -
Telephone system	4,500	-
Network server	5,500	-
Air conditioners	45,000	-
ENG equipment	50,000	-
Stephenville Annex building upgrade	50,000	-
	<u>180,000</u>	<u>-</u>

Decrease in deferred capital grants - 75,160

Board Contributions - 32,503

Total funding 180,000 107,663

Expenditures

Equipment

I.T. Infrastructure	-	68,952
Titmus Screening	3,348	10,266
Telephone System	-	19,356
Projectors	4,728	-
Laptop	1,815	-
Network server	5,890	-
Fax machines	3,970	-
General clinical	-	3,657
Office equipment and furniture	-	5,432
Air conditioners	13,867	-
Universal gym	1,075	-
Telephone system	5,907	-
Audiometers	2,284	-
Improvements to Annex building	29,055	-
	<u>71,939</u>	<u>107,663</u>

Funding deferred to future years \$ 108,061 \$ -

Deferred balance consists of the following:

ENG equipment	\$ 50,000	\$ -
Annex building improvements	21,000	-
Air conditioners	31,000	-
General provincial plan	6,061	-
	<u>\$ 108,061</u>	<u>\$ -</u>

Western Regional Health and Community Services Board Schedule of Accumulated Operating Surplus for Government Reporting

Year Ended March 31, 2004

	Combined Funds		Operating Funds		Board Funds	
	2003/04	2002/03	2003/04	2002/03	2003/04	2002/03
Current Assets						
Cash and cash equivalents	\$ 1,908,474	\$ 2,856,329	\$ 1,908,474	\$ 2,856,329	\$ -	\$ -
Receivables	785,486	1,710,335	761,612	1,710,335	23,874	-
Prepaid expenses	410,837	362,822	410,837	362,822	-	-
Due from operating fund	-	-	-	-	1,507,206	2,304,602
Total current assets	3,104,797	4,929,486	3,080,923	4,929,486	1,531,080	2,304,602
Payroll advance	52,169	54,272	52,169	54,272	-	-
	3,156,966	4,983,758	3,133,092	4,983,758	1,531,080	2,304,602
Current liabilities						
Payables and accruals	1,210,167	1,474,441	1,210,167	1,474,441	-	-
Deferred contributions						
- operating	725,635	425,774	725,635	425,774	-	-
- NCB	114,685	112,615	114,685	112,615	-	-
- ECD	40,152	29,851	40,152	29,851	-	-
- capital	108,061	-	108,061	-	-	-
Due to Western Health Care Corporation	953,406	1,567,829	953,406	1,567,829	-	-
Due to Board Fund	-	-	1,507,206	2,304,602	-	-
Total current liabilities	3,152,106	3,610,510	4,659,312	5,915,112	-	-
Accumulated operating surplus (deficit)	\$ 4,860	\$ 1,373,248	\$ (1,526,220)	\$ (931,354)	\$ 1,531,080	\$ 2,304,602

Western Regional Health and Community Services Board

Schedule of NCB / ECD Funding

Year Ended March 31, 2004

Page 1

Initiative	Funding			Expenses			Deferred Revenue	
	Deferred From prior year	Allocated for current year	Total Available Funding	Gross Expenses	Excess Expenses (deficit)	Net Expenses	Deferred Funding at Mar 31,04	Deferred Funding at Mar 31,03
NCB								
Child Care Services Subsidy Program	\$ -	\$ 117,500	\$ 117,500	\$ 117,500	\$ -	\$ 117,500	\$ -	\$ -
Child Care Services Consultant	-	50,000	50,000	74,679	(24,679)	50,000	-	-
Child Care Services Equipment	10,441	21,945	32,386	19,243	-	19,243	13,143	10,441
Special Child Welfare Allowance	-	12,250	12,250	12,250	-	12,250	-	-
Residential & Mental Health Services	-	155,952	155,952	152,652	-	152,652	3,300	-
Community Youth Network	-	269,200	269,200	210,571	-	210,571	58,629	-
Child Care Renovations & Resources	20,227	-	20,227	400	-	400	19,827	20,227
Other	<u>81,947</u>	<u>140,716</u>	<u>222,663</u>	<u>191,487</u>	<u>11,390</u>	<u>202,877</u>	<u>19,786</u>	<u>81,947</u>
Total NCB	\$ 112,615	\$ 767,563	\$ 880,178	\$ 778,782	\$ (13,289)	\$ 765,493	\$ 114,685	\$ 112,615

Grant Thornton

Western Regional Health and Community Services Board **Schedule of NCB / ECD Funding**

Year Ended March 31, 2004

Page 2

Initiative	Funding			Expenses			Deferred Revenue	
	Deferred From prior year	Allocated for current year	Total Available Funding	Gross Expense	Excess expenses (deficit)	Net Expenses	Deferred Funding at Mar 31,04	Deferred Funding at Mar 31,03
ECD								
Autism	\$ -	\$ 104,000	\$ 104,000	\$ 98,352	\$ -	\$ 98,352	\$ 5,648	\$ -
Child Care Services Subsidy Program	18,703	326,300	345,003	322,040	-	322,040	22,963	18,703
CMS	-	55,000	55,000	62,689	(7,689)	55,000	-	-
Early Childhood Services	7,793	76,700	84,493	56,815	20,978	77,793	6,700	7,793
Family HCC Equipment	<u>3,355</u>	<u>6,000</u>	<u>9,355</u>	<u>4,514</u>	<u>-</u>	<u>4,514</u>	<u>4,841</u>	<u>3,355</u>
Total ECD	<u>29,851</u>	<u>568,000</u>	<u>597,851</u>	<u>544,410</u>	<u>13,289</u>	<u>557,699</u>	<u>40,152</u>	<u>29,851</u>
Total NCB & ECD	\$ 142,466	\$ 1,335,563	\$ 1,478,029	\$ 1,323,192	\$ -	\$ 1,323,192	\$ 154,837	\$ 142,466

Western Regional Health and Community Services Board

Schedule of Community Youth

Network Funding

Year Ended March 31 2004 2003

Health & Community Services Western:

Funding provided to Health & Community
Services Western (HCSW)

Deferred from prior year

Current year's funding

\$	(3)	\$	(3)
<u>269,200</u>		<u>269,200</u>	

Funding available

<u>269,197</u>	<u>269,197</u>
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Advances to Child Youth Network (CYN)

<u>210,571</u>	<u>269,200</u>
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Deferred revenue March 31

<u>\$ 58,626</u>	<u>\$ (3)</u>
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Community Youth Network for Southwestern Newfoundland:

Total funding to CYN for

Southwestern Newfoundland by HCSW

Deferred from prior year

\$	210,571	\$	269,200
<u>72,881</u>		<u>29,000</u>	

Available Funding

<u>\$ 283,452</u>	<u>\$ 298,200</u>
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Reported expenditures:

<u>283,452</u>	<u>225,319</u>
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Deferred revenue March 31

<u>\$ -</u>	<u>\$ 72,881</u>
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Total deferred funding available March 31

<u>\$ 58,626</u>	<u>72,878</u>
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**WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION
FINANCIAL STATEMENTS**

DECEMBER 31, 2003

Auditors' Report

To the Board of Directors of the
Workplace Health, Safety and Compensation Commission
of Newfoundland and Labrador

We have audited the statement of financial position of the Workplace Health, Safety and Compensation Commission of Newfoundland and Labrador as at December 31, 2003 and the statements of operations, unfunded liability and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

St. John's, Newfoundland and Labrador
March 7, 2004



Deloitte & Touche LLP
Chartered Accountants

Statement of Financial Position

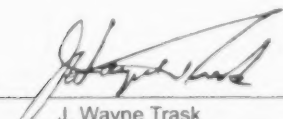
As at December 31

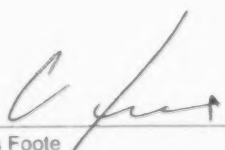
(dollars in thousands)	2003	2002
Assets		
Cash and cash equivalents (Note 3)	\$ 25,141	\$ 25,024
Receivables (Note 4)	14,398	13,990
Investments (Note 5)	440,793	402,968
Capital assets (Note 7)	9,942	9,728
	<u>490,274</u>	<u>\$ 451,710</u>
Liabilities and Net Fund Deficiency		
Payables and accruals	\$ 9,597	\$ 8,465
Benefit liabilities (Note 8)	650,794	620,825
	<u>660,391</u>	<u>629,290</u>
Total liabilities		
Reserves (Note 11)	973	1,000
Unfunded liability	(171,090)	(178,580)
	<u>(170,117)</u>	<u>(177,580)</u>
Net fund deficiency		
	<u>\$ 490,274</u>	<u>\$ 451,710</u>

Commitments (Note 19)

Contingencies (Note 20)

On behalf of the Commission


 J. Wayne Trask
 Board Chairperson


 Ches Foote
 Director

The accompanying notes are an integral part of the financial statements.

Statement of Operations

Years ended December 31

STATEMENT OF OPERATIONS

(dollars in thousands)	2003	2002
Revenue		
Assessments	\$ 155,150	\$ 155,969
Investment income (Note 5)	22,623	12,049
	<u>177,773</u>	<u>168,018</u>
Expenses		
Claims costs incurred		
Short-term disability	31,890	32,002
Long-term disability	61,980	63,689
Survivor benefits	5,581	5,890
Health care	36,998	33,498
Rehabilitation	1,692	1,787
	<u>138,141</u>	<u>136,866</u>
Administration (Note 12)	21,183	20,128
Legislated obligations (Note 13)	5,589	5,106
Amortization	2,421	2,680
Other (Note 14)	952	2,210
	<u>168,286</u>	<u>166,990</u>
Surplus from operations	9,487	1,028
Actuarial adjustments (Note 8)	(1,997)	16,421
Surplus for the year	<u>\$ 7,490</u>	<u>\$ 17,449</u>

The accompanying notes are an integral part of the financial statements.

Statement of Unfunded Liability

Years ended December 31

(dollars in thousands)	2003	2002
Unfunded liability, beginning of year	\$ (178,580)	\$ (200,002)
Surplus for the year	7,490	17,449
	(171,090)	(182,553)
Transfer from Occupational Health and Safety Research reserve (Note 11)	-	4,000
Appropriation to reserve fund	-	(27)
Unfunded liability, end of year	\$ (171,090)	\$ (178,580)

The accompanying notes are an integral part of the financial statements.

STATEMENT OF UNFUNDED LIABILITY

Statement of Cash Flows

Years ended December 31

STATEMENT OF CASH FLOWS

(dollars in thousands)	2003	2002
Cash flow from operating activities		
Cash received from:		
Employers, for assessments	\$ 154,741	\$ 154,738
Investment income	10,430	17,571
	<u>165,171</u>	<u>172,309</u>
Cash paid to:		
Claimants or third parties on their behalf	(110,169)	(101,537)
Suppliers and employees, for administrative and other goods and services	(26,590)	(27,261)
Third party, from reserve fund	(27)	(27)
	<u>(136,786)</u>	<u>(128,825)</u>
Net cash provided from operating activities	<u>28,385</u>	<u>43,484</u>
Cash flow from investing activities		
Purchase of investments	(25,629)	(33,077)
Purchase of capital assets	(2,639)	(2,147)
	<u>(28,268)</u>	<u>(35,224)</u>
Net cash used for investing activities	<u>(28,268)</u>	<u>(35,224)</u>
Net increase in cash and cash equivalents	117	8,260
Cash and cash equivalents		
Beginning of year	<u>25,024</u>	<u>16,764</u>
End of year	<u>\$ 25,141</u>	<u>\$ 25,024</u>

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

Years ended December 31, 2003 and 2002

NOTES TO FINANCIAL STATEMENTS

1. Nature of operations

The Workplace Health, Safety and Compensation Commission (the Commission) was established by the Newfoundland Legislature in 1951, under the *Workplace Health, Safety and Compensation Act (the Act)*, as amended in 2001. The Commission is responsible, in accordance with the provisions of *the Act*, for preventing and reducing the occurrence of workplace injuries and diseases through the promotion of health and safety in workplaces; the establishment of occupational health and safety certification standards and certification of trainers; administering the payment of benefits to injured workers and dependents of fatally injured workers; and collecting assessment revenues from established classes of employers in amounts sufficient to cover the current and future costs of existing claims; and investing funds, following investment policies which are approved by the Commission within guidelines established under the *Insurance Companies Act* (Canada). An independent Workplace Health, Safety and Compensation Review Division is established under *the Act* to make rulings on any appeals pertaining to the Commission's assessments or benefits decisions. The Commission does not receive government funding or other assistance.

The Commission administers *the Act* for two groups of employers, referred to as assessment-based employers and self-insured employers. Assessment-based employers are insured through 'collective liability' and are required to contribute to the Commission's Insurance Fund, whereas self-insured employers are individually liable. The Commission pays the actual cost of claims for self-insured employers and bills them on a monthly basis for payments related to short-term disability, health care, rehabilitation, extended earnings loss, permanent functional impairment awards and survivor benefits, together with their proportionate share of administration costs.

2. Significant accounting policies

These financial statements have been prepared in accordance with generally accepted Canadian accounting principles. The Commission's significant accounting policies are as follows:

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments in money market instruments which will be liquidated in the near term.

Assessments revenue

At the beginning of each year, an assessment is levied on employers by applying their industry assessment rate to their estimated payrolls. The assessment levy is payable by installments within the current year. At year-end, assessment income is adjusted based on a review of the employers' actual payrolls.

Assessments receivable

Due to varying economic conditions, actual employers' payrolls may differ from original estimates. Therefore, at year-end, a provision for accrued assessments is recorded based on historical assessment information.

Investments

A) Carrying value

Fixed term investments are recorded using the amortized cost method, which amortizes premiums and discounts arising on fixed term purchases over the periods to maturity of these investments. Gains or losses realized on the disposal of fixed term investments are amortized on a straight-line basis over a five-year period, which approximates the period to maturity.

Equity investments are stated at moving average market value. Unrealized gains and losses occurring during the year, together with gains and losses realized on the disposal of equity investments, are deferred and amortized on a straight-line basis over a five-year period.

B) Fair value

Where it is determined that a permanent impairment in the carrying value of the entire investment portfolio has occurred, the carrying value of the portfolio is written down to recognize the loss and the write down is recorded in income in the year in which it occurs. Investments are valued at year-end quoted prices. Short term notes, treasury bills and term deposits approximate fair value due to their short term to maturity.

Capital assets

Capital assets are reported at cost and are amortized monthly on a straight-line basis over their estimated useful lives. The periods used are as follows:

Building	40 years
Furniture and equipment	10 years
Computer equipment	1 to 5 years
Systems development	1 to 5 years
Equipment under capital lease	3 to 5 years

Benefit liabilities

The benefit liabilities represent the actuarial present value of all future benefits payments expected to be made for injuries which occurred in the current fiscal year or in any prior year. The benefit liabilities include provision for all benefits provided by current legislation, policies and/or business practices in respect of existing claims. No provision has been made for future claims related to latent occupational disease, because they cannot be reasonably estimated, nor for future processing expenses of existing claims.

The benefit liabilities were determined using accepted actuarial practices in accordance with the standards established by the Canadian Institute of Actuaries.

Reserves

In accordance with Section 20.5 (1) of the Act, the Commission maintains a special reserve fund for the purpose of health and safety research. The Act requires that the Commission allocate up to a maximum of 2% of its total assessment and investment income in each calendar year to establish and maintain this special fund.

In accordance with Section 116 (1) of the Act, the Commission may, at its discretion, establish reserves for the following:

- to meet an increase in the capitalization of compensation payments payable in future years where the increase cannot be provided without placing an undue burden on the employers in an industrial classification;
- to meet the loss arising from a disaster or other circumstances which would unfairly burden the employers in an industrial classification; or
- subject to the approval of the Lieutenant-Governor in Council, to meet the costs of particular needs of the Commission that it considers necessary.

Use of accounting estimates

A) Benefits liabilities

An actuarial valuation of the benefits liabilities as at December 31, 2002 was prepared by an independent firm of consulting actuaries who have rendered their opinion that the valuation was prepared in accordance with accepted actuarial practice, and that the actuarial assumptions are appropriate. The benefit liabilities as at December 31, 2003 are based on an extrapolation of the actuarial valuation completed in 2002 using the same assumptions. The Commission believes that the amount provided for benefits liabilities as at December 31, 2003 is adequate, recognizing that actuarial assumptions as disclosed in Note 9 may change over time to reflect underlying economic trends. When they do, it is possible to cause a material change in the actuarial present value of the future payments.

B) Assessments revenue

Accounts receivable at December 31 include an estimate of annual premium revenues for the year that have not yet been received from employers. The recorded amounts are based upon management's best information and judgement, having regard to actual experience in preceding years. However, until all employers actually submit their final annual payroll information to the Commission, the recorded assessments revenues for the year and the estimated amounts receivable at year-end are subject to measurement uncertainty.

3. Cash and cash equivalents

(dollars in thousands)	2003	2002
Money market instruments	\$ 22,996	\$ 20,655
Bank balances	130	2,288
Cheques issued and outstanding	2,015	\$ 2,081
	\$ 25,141	\$ 25,024

The Commission has established an operating line of credit with its banker in the amount of \$2,000,000. Advances on the line of credit bear interest at the bank's prime interest rate minus 0.60%. The credit facility is unsecured and was not utilized during 2003.

4. Receivables

(dollars in thousands)	2003	2002
Assessments	\$ 4,841	\$ 4,671
Accrued assessments	7,000	7,000
Other	2,557	2,319
	\$ 14,398	\$ 13,990

5. Investments

(dollars in thousands)	2003		2002	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Fixed term	\$ 164,462	\$ 170,193	\$ 151,166	\$ 157,558
Equities	279,954	307,963	263,075	242,294
Accrued interest	1,908	1,908	1,804	1,804
	446,324	480,064	416,045	401,656
Deferred investment gains	(5,531)	-	(13,077)	-
	\$ 440,793	\$ 480,064	\$ 402,968	\$ 401,656

At December 31, 2002, \$15,000,000 of short-term money market instruments, the proceeds of which were transferred in January, 2003, were classified as investments.

Investment income is comprised of the following:

(dollars in thousands)	2003	2002
Interest and dividends	\$ 12,964	\$ 11,744
Amortization of deferred realized investment gains	6,181	8,574
Amortization of deferred unrealized investment gains (losses)	5,319	(7,083)
Amortization of (premium) discounts on fixed term investments	(274)	305
	24,190	13,540
Less: Portfolio management expenses	(1,567)	(1,491)
Total investment income	\$ 22,623	\$ 12,049

The Commission's asset mix policy for 2003 and 2002 is presented below:

Bonds Canadian	35%
Equities Canadian	35%
Equities United States	15%
Equities Europe, Asia and Far East (EAFE)	15%

6. Financial instruments

Market risk management

The Commission invests in publicly and privately traded equities and bonds available on domestic and foreign exchanges. These securities are affected by market changes and fluctuations. The Commission does not use derivative financial instruments for trading purposes.

Credit risk management

Credit exposure on fixed income securities arises from the possibility that the issuer of an instrument fails to meet its obligation to make interest payments and repay principal. Of the fixed income assets in the investment portfolio, 95.3% (2002; 97.5%) have at least an 'A' credit rating. The Commission does not anticipate that any issuers will fail to meet their obligations.

The Commission may invest in short term commercial debt or paper rated R1 or higher. Provincial short-term debt and debt of agencies guaranteed by the provinces may be rated lower than R1. The short term portfolio investments held with any one corporate issuer is limited to 10%, at any given time, of the Commission's estimated annual cash receipts.

Foreign exchange risk management

The Commission has certain investments denominated in foreign currencies. During 2003 and 2002, the Commission did not undertake hedging strategies for the currency risk of foreign investments and currency fluctuations influenced short-term returns. These fluctuations are not expected to affect the long-term position of the investment portfolio. The Commission limits its holdings in foreign equities to 30% of the Commission's total investment portfolio. As at December 31, 2003, the Commission's holdings in foreign equities and pooled equity funds had a market value of \$136.2 million (2002; \$97.1 million) representing 28.4% (2002; 25.1%) of the market value of the total investment portfolio.

Interest rate risk management

Fluctuations in interest rates are managed by actively controlling the duration of the fixed income portfolio. The table below represents the remaining term to maturity of the Commission's fixed term investments.

Remaining Term to Maturity					
Book Value (dollars in thousands)	Within 1 Year	Over 1 Year to 5 Years	Over 5 Years	Total 2003	Total 2002
Fixed-Term investments	\$9,462	\$60,295	\$94,705	\$164,462	\$151,166

7. Capital assets

(dollars in thousands)		2003		2002	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value	
Land	\$ 11	\$ -	\$ 11	\$ 11	
Building	7,595	3,906	3,689	3,867	
Furniture and equipment	2,616	1,840	776	854	
Computer equipment	6,668	4,877	1,791	1,131	
Systems development	10,634	6,992	3,642	3,619	
Equipment under capital lease	243	210	33	246	
	\$ 27,767	\$ 17,825	\$ 9,942	\$ 9,728	

Included in system development costs for 2003 is \$1,220,500 (2002; \$1,149,800) related to business improvement projects.

8. Benefit liabilities and claims costs

An independent consulting actuary completes a valuation of benefit liabilities of the Commission on a periodic basis, not to exceed two years. Such a valuation was performed as at December 31, 2002.

An analysis of the components of, and changes in, benefit liabilities is as follows:

(dollars in thousands)		2003					2002
	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Rehabilitation	Total	Total
Balance, Beginning of year	\$ 52,666	\$ 396,525	\$ 54,818	\$ 112,406	\$ 4,410	\$ 620,825	\$ 601,917
Add:							
Claims costs incurred:							
Current year injuries	28,237	31,744	1,431	27,728	1,416	90,556	88,307
Prior years' injuries	3,653	30,236	4,150	9,270	276	47,585	48,559
	31,890	61,980	5,581	36,998	1,692	138,141	136,866
Deduct:							
Claims payments:							
Current year injuries	8,452	374	127	7,248	14	16,215	15,669
Prior years' injuries	18,942	40,904	6,421	25,707	1,980	93,954	85,868
	27,394	41,278	6,548	32,955	1,994	110,169	101,537
Balance before actuarial adjustments	57,162	417,227	53,851	116,449	4,108	648,797	637,246
Actuarial adjustments	(2,988)	(938)	1,346	4,264	313	1,997	(16,421)
Balance, end of year	\$ 54,174	\$ 416,289	\$ 55,197	\$ 120,713	\$ 4,421	\$ 650,794	\$ 620,825

9. Actuarial assumptions

The benefit liabilities are based on projections of future benefit payments which reflect long-term estimates of economic and actuarial assumptions and methods, modified for current trends. As these assumptions may change over time, it is possible that such changes could cause a material change in the actuarial present value of future benefit liabilities.

The gross rate of return was reduced from 7.64% to 7.12% as at December 31, 2002 to reflect the interest rate environment in 2002. The effect of this change was to increase the overall benefit liability by \$11,327,000 as at December 31, 2002.

The table below lists the principal economic assumptions used.

	2003		2002	
	CPI-Indexed Awards	Other Payments	CPI-Indexed Awards	Other Payments
Gross rate of return	7.12%	7.12%	7.12%	7.12%
Inflation Year 1	3.40%	3.50%	1.70%	3.50%
Inflation rate future years	3.50%	3.50%	3.50%	3.50%
Net rate of return Year 1	3.60%	3.50%	5.33%	3.50%
Net rate of return future years	3.50%	3.50%	3.50%	3.50%

10. Change in unfunded liability

(dollars in thousands)	2003	2002
Unfunded liability, beginning of year	\$ (178,580)	\$ (200,002)
Favourable revenue variance	28,100	32,300
Interest on unfunded liability	(12,700)	(15,300)
Investment income variance	(5,800)	(15,600)
Liability adjustments for prior years' claims	(2,000)	16,400
Transfer from reserves	-	4,000
Other	(110)	(378)
Unfunded liability, end of year	\$ (171,090)	\$ (178,580)

11. Reserves

As provided by legislation, the Commission maintains a reserve for funding studies, projects and research relating to the enhancement of occupational health and safety in the workplace. During 2003, \$27,000 (2002: \$27,000) was issued from the reserve. Effective December 31, 2002, \$4,000,000 was transferred from the Occupational Health and Safety Research reserve and applied to the unfunded liability thereby reducing the reserve to \$1,000,000.

12. Administration expenses

(dollars in thousands)	2003	2002
Salaries and employee benefits	\$ 17,003	\$ 15,974
Office and communications	2,235	2,394
Building operations	597	536
Travel and vehicle operating	674	634
Professional fees	674	590
	\$ 21,183	\$ 20,128

13. Legislated obligations

The Commission is required by legislation to reimburse the provincial government for a portion of the operating costs of the Department of Labour in delivering on its occupational health and safety mandate and all of the costs of the Workplace Health, Safety and Compensation Review Division. The Commission is also required to fund the operating costs of the employer and worker advisor positions. Total expenses incurred by the Commission for legislated obligations are detailed below:

(dollars in thousands)	2003	2002
Department of Labour	\$ 4,527	\$ 3,888
Workplace Health, Safety and Compensation Review Division	662	818
Employer and Worker Advisors	400	400
	\$ 5,589	\$ 5,106

14. Other expenses

(dollars in thousands)	2003	2002
External training initiatives	\$ 388	\$ 1,867
Business improvement projects	564	343
	\$ 952	\$ 2,210

15. Related party transactions

These financial statements include amounts resulting from normal operating transactions with various provincial government departments, agencies, and crown corporations with which the Commission may be considered related. The provincial government is also a self-insured employer, and account balances resulting from these transactions are included in the financial statements and are settled under normal trade terms.

16. Industry levy

The Commission has levied a surcharge of \$0.10 per \$100 of payroll on employers in the construction sector to fund a portion of the operating costs of safety and health training programs conducted by the Newfoundland and Labrador Construction Safety Association. The amounts collected on behalf of the Association totaled \$297,000 in 2003 (2002: \$312,000) and are not included in the Statement of Operations.

17. Self-insured employers

These financial statements include the effects of transactions carried out for self-insured employers, principally federal and provincial government bodies, who directly bear the costs of their own incurred claims and a share of administration costs. Aggregate amounts of such assessment revenue and offsetting expenses included in the Statement of Operations are as follows:

(dollars in thousands)	2003	2002
Assessments revenue	\$ 8,519	\$ 7,119
Claims costs incurred:		
Short-term disability	503	665
Long-term disability	3,319	2,684
Survivor benefits	476	463
Health care	2,703	2,265
Rehabilitation	18	65
Administration charges	1,500	977
	\$ 8,519	\$ 7,119

Benefit liabilities related to self-insured employers will be the responsibility of those employers when paid in future years. Accordingly, these benefit liabilities have not been determined by actuarial valuation and thus are not included in the Commission's benefit liabilities.

18. Pension costs

All permanent employees of the Commission are covered by the Public Service Superannuation Plan administered by the Province of Newfoundland and Labrador. Contributions to the plan are required from both the employees and the Commission. The annual contributions of \$1,045,000 (2002: \$854,000) for pensions are recognized in the accounts on a current basis.

19. Commitments

The Commission has committed to the following lease payments for office premises and equipment as follows:

(dollars in thousands)	Capital	Operating	Total
2004	\$ 36	\$ 167	\$ 203
2005	-	167	167
2006	-	166	166
2007	-	162	162

20. Contingencies

- (a) The Commission may be liable for the future costs of claims relating to certain latent occupational diseases which may have occurred in the current year or previously, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Because of the absence of reliable evidence and data pertaining to these matters, the liabilities cannot be reasonably estimated and have not been recorded in these financial statements.
- (b) The legislative amendments to *the Act* on May 24, 2001 provided for payments to surviving dependent spouses whose benefits were terminated on or after April 17, 1985. In July, 2001, three complaints were filed by dependent spouses who remarried before April 17, 1985 against the Commission and the Department of Labour to the Human Rights Commission for alleged discrimination on the basis of marital status. These complaints were reviewed during a hearing of the Human Rights Commission in February, 2003. Retroactive reinstatement of benefits to all surviving spouses who remarried prior to 1985 has the potential to increase the Commission's benefits liabilities by approximately \$6,600,000. The Human Rights Commission adjudicator ruled that she did not have jurisdiction to decide the matter. The issue of jurisdiction went to Supreme Court Trial Division in November 2003 and a decision has not been rendered. The final outcome of this matter is still undeterminable.

21. Comparative figures

Certain of the comparative information has been reclassified to conform with the presentation adopted in the current year.

Five-Year History

Statement of Operations and Unfunded Liability for the Year Ending December 31

(thousands of dollars)	2003	2002	2001	2000	1999
Revenue					
Assessments	\$ 155,150	\$ 155,969	\$ 137,528	\$ 134,443	\$ 117,004
Investment income	22,623	12,049	29,226	32,018	27,990
	177,773	168,018	166,754	166,461	144,994
Expenses					
Claims costs incurred	138,141	136,866	142,448	144,841	131,896
Administration	21,183	20,128	18,252	15,710	15,436
Legislated obligations	5,589	5,106	4,629	4,515	4,327
Amortization	2,421	2,680	2,724	2,432	2,410
Other	952	2,210	1,121	213	-
	168,286	166,990	169,174	167,711	154,069
Surplus (deficiency) from operations before the following	9,487	1,028	(2,420)	(1,250)	(9,075)
Actuarial adjustments	(1,997)	16,421	(5,283)	(20,902)	(59,367)
Surplus (deficiency) for the year	7,490	17,449	(7,703)	(22,152)	(68,442)
Unfunded liability, beginning of year	(178,580)	(200,002)	(202,272)	(179,884)	(111,100)
Appropriation to (from) reserve fund	-	3,973	9,973	(236)	(342)
Unfunded liability, end of year	\$ (171,090)	\$ (178,580)	\$ (200,002)	\$ (202,272)	\$ (179,884)
Funded ratio	74.1%	71.7%	67.5%	65.2%	65.5%

FIVE-YEAR HISTORY

